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SIXTY-FIRST YEAR JANUARY, 1907 VOLUME LXXIV, No. 1

THE YEAR 1907.

THE beginning of a new year is an appropriate time for taking stock of our national position. In the year just closed we have enjoyed almost unprecedented prosperity in all branches of production and trade. Our farms, forests and mines have all yielded abundantly, and our factories have been continuously employed. The prices obtained for our products have been almost uniformly good—the highest known in many years. The demand upon the railways of the country for the transportation of products has been so great that serious difficulty has been found to provide sufficient cars to carry the products to market. Deposits in all classes of banks are at high-water mark. Despite large and exceptional expenditures, the revenues of the Government are such as to afford a considerable surplus.

So far as may now be seen, there is no reason why the prosperity we have enjoyed in the past year should not continue throughout 1907. It is, of course, very dangerous to one's reputation as a prophet to endeavor to forecast the financial future where so many uncertain elements must of necessity enter into the problem. The one source from which danger seems most likely to come is in what is generally called the "scarcity of money," but which, perhaps, more properly might be called the "scarcity of loanable funds." But this menace may soon pass away. Enterprise has been proceeding at such a pace for some time that it is not unreasonable to expect a halt before long that will permit of a replenishing of the depleted money market.

Where people desire to withdraw their savings from banks and trust companies and invest them in real estate, mining or other ventures, the bankers can hardly do anything save, perhaps, in some cases to caution their depositors regarding the risks incurred in going into these ventures while prices are at their present level; but where such speculations can be entered into only after loans have been procured from the banks, it will be possible for these institutions to prevent further expansion along the lines named. The basis upon which our prosperity stands is of a most substantial character, and while there is need of conservatism, at the present time we see no reason whatever for taking other than a hopeful view of the productive, commercial and banking interests of the country for the year 1907.

EDITORIAL COMMENT

TWO incidents have been reported in the newspapers lately which indicate that the banking publicity experts are neglecting their business. One was the case of a woman at Atlantic City, N. J., who is reported to have lost some $6,000 which was stolen from a receptacle in her skirt that she was using in lieu of a savings bank. This loss was not without its pathetic side, inasmuch as the sum lost represented money received from a railway company for the death of the woman's husband in a recent accident, and an additional amount derived from the sale of property, the total being all the woman had.

In these days, when there are so many banks where money may be safely kept, it is to be regretted that anyone, through ignorance of such institutions, should carry money in a place where it is so tempting to pickpockets. When even banks that have been for years reputed to be entirely sound suddenly fail with great loss to depositors, the fear of banks which leads many people to distrust them altogether can not be regarded as wholly unreasonable. It is, however, a reproach to any enlightened community that fails to provide at least a system of savings banks where people of limited means may have their hard-earned savings properly cared for. Of course, we do not mean to imply that the state of New Jersey or Atlantic City is at all deficient in this respect.

The other case referred to does not call for commiseration. It was that of an Indiana farmer who had a very beautiful daughter upon whom he desired to bestow a liberal dower. The opinion might be hazarded that with the attractive qualities which this young woman possessed the Hoosier swains would not look for any other enhancement of these charms in the shape of material possessions. This opinion, however, is perhaps not strictly germane to the point at issue. Evidently the farmer himself thought otherwise. Instead of providing for this dower by depositing a tidy sum each year in some bank to the credit of his daughter, he proceeded to bury his surplus coins in the apple-orchard. So thrifty was he that in the course of some twenty-five years he accumulated about a peck of coins of various denominations, which he now announces as being ready for the young man who may win his daughter's hand. While the soil of Indiana is most fertile, it does not appear that coin buried therein will yield a satisfactory increase. If the farmer had put his money in any of the many excellent banking institutions of that state, by this time he might have had at least a half a bushel of coin with which to enrich his daughter's hand, or he might have devoted the equivalent of the original peck of coins to this purpose and still have left an equal amount for himself.

SOME ideas that will doubtless be considered more or less old-fashioned, in this progressive age, are to be found in an address delivered by Hon. DAVID J. BREWER of the United States Supreme Court, before the People's Forum at New Rochelle, N. Y., on December 16. Justice BREWER commented especially on the disposition of the people to ignore everything not of colossal proportions. He pertinently pointed out the fact that nations have not occupied a place in history strictly in accordance with the size of their territory or other material resources. Greece, for example, was a very small country, but its influence upon the history of mankind has perhaps been greater than that of any nation that has ever existed.

Justice BREWER also deplored the tendency of the people at the present time to run into debt. He said that when the Civil War closed the nation owed about $3,000,000,000, which it set out resolutely to pay. Since the Spanish War, however, debt-paying has become almost a forgotten duty, and we now owe, as we did ten years ago, an interest-bearing debt of about $1,000,000,000.

It is indeed a remarkable fact that during an era of unexampled prosperity the nation seems to have forgotten that such periods are most favorable to wiping out old obligations. Instead of pursuing this wise course, we have postponed the settlement of the national debt for many years and have placed it on an interest basis that seems to warrant the inference that it is the policy of the Government to perpetuate the debt instead of paying it off.

With nations, as with individuals, it will be found that the policy of postponing the payment of debt when abundant means are on hand for liquidation, inevitably tends to beget extravagance. We have paid off small portions of the debt from time to time in recent years, but our actual position in this respect does not improve much; since, instead of increasing taxes necessary to make these payments, we have in part procured the funds by fresh borrowing.

The disposition to look with favor on everything of great magnitude is one that runs through our national life. We universally applaud the man who is always doing great things, and possibly sometimes overlook the influences of others whose quiet investigations are of inestimably greater benefit to mankind. We brag of the stupendous totals of our products, our exports and imports and our tremendous gain in everything that marks the material progress of the people. All these indisputable evidences of prosperity are very gratifying. It would be still more gratifying, however, if we could be sure that the fruits of this prosperity will be permanently beneficial or otherwise. Certainly no one ought to be disposed to find fault with the wonderful advancement made by the United States in recent years in every department of production and trade, nor would we by any means care to make it appear that commercial progress is incompatible with the advancement of the people in all the higher relations of life. It will be found, we think, that the nations most noted for their material prosperity are also those where the people are most advanced in education, the arts and sciences, and in everything that contributes to the well-being of mankind. The growth of wealth, however, has been at such a rapid pace in the last quarter of a century that one may well question whether the capacity of our people wisely to employ their good fortune has correspondingly increased.

FROM California, which has lately furnished the world with problems of somewhat warlike aspect, comes a plea for the federation of the world. Mr. WALTER J. BARTNETT, a member of the American Society of International Law, has published a pamphlet in which he strongly urges the settlement of international difficulties by peaceful means. He begins with the assertion that a conception of this character is so grandiose as probably to seem chimerical to one who has not observed the signs of the times. He says, nevertheless, that this idea is slowly but surely taking form and substance.

The statesmen of practically all the great nations of the world are agreed upon the proposition that the expenditures for war are becoming so enormous that before long it will become necessary to do something to bring them within reasonable limits. Despite this consensus, each of these nations seems to be increasing its military and naval expenditures year by year, and of late there has been a very marked rivalry in naval construction especially. We no sooner hear that one of the great powers has built a battleship of gigantic proportions, until the announcement comes that some other nation has distanced this achievement. If this competition goes on at the same rate for a few hundred years, the physical difficulties of handling a fleet of these monsters must become so great as to make this struggle for supremacy ridiculous.

Mr. BARTNETT states that the expenditures of the nations of Europe for naval and military purposes aggregate probably more than $1,500,000,000 per year, and that the armies and navies of those nations now contain about 4,000,000. Of these he estimates that some 3,000,000 are in good physical condition and if they were released from military service would be an addition to the productive forces of Europe. He estimates that the wages of these men would amount to $1,000,000,000 a year and that there would be a saving of the expenditures now made on war of a like amount, thus making $2,000,000,000 to be devoted yearly to public improvements and bettering the condition of the people. Of course, the writer, as do all serious thinkers on this subject, favors the continuation of such military and naval forces as may be necessary to do international police duty; but if the nations could come to any agreement of the character indicated, the expenditures on this account would be comparatively small.

It is pointed out that in 1905 England spent on her army and navy an amount exceeding $300,000,000, whereas in the same year only $79,000,000 was appropriated to education, science and art. We called attention some time ago to the fact that the annual expenditures in this country for war, navy and pensions exceeded all the other disbursements of the Federal Government combined. It must not be concluded from this, however, that either England or the United States is blamable for applying so much of the public revenues to warlike purposes. So long as there remains a tendency on the part of any of the great nations to appeal to arms as a means of settling disputes, the nation that fails to keep its naval and military equipment up to the highest standard of offense and defense is likely to suffer far greater loss than these expenditures represent.

On purely economic grounds it would seem that the time is rapidly approaching when nations will find it necessary to resort to some tribunal for the adjustment of their differences in the same manner as individuals now do.

It requires no great degree of statesmanship to perceive that the prosperity of a nation is no longer dependent on its territorial possessions, and that colonies frequently become a source of weakness instead of strength. Had Spain devoted its energies assiduously to the development of that Peninsula, and had given up the dream of colonial empire, it might now be enjoying a prosperity equalling that of the neighboring French Republic. Great Britain seems to have been the one nation of all others among modern states that has maintained the ability successfully to hold sway over widely-separated territories occupied by all sorts of people. Even this country, however, has had some costly experiences. and it is at least an open question whether the vast expenditures on account of the late South African war might not have been employed to better advantage in developing local business enterprises. The United States is having an experience with its recent territorial acquisitions that is far from reassuring to those who dream of colonial empire.

AT the annual meeting of the Pennsylvania Society in New York on December 12, Honorable ELIHU ROOT, the Secretary of State, made an address which has attracted a great deal of attention. The general tenor of this address was to the effect that the national Government has been compelled gradually to assume many of the functions which rightfully appertain to the states, but which the latter have neglected to exercise in an effective manner. There is no doubt that many of the abuses that have developed with regard to corporations might have been checked in their incipient stages had the states been vigilant in enforcing existing laws. It is notorious that in some instances there have been corporations that have virtually dominated state politics. Whether this fact has been responsible for the negligence of the states in enforcing the laws against such corporations, or whether this negligence may be ascribed to apathy on the part of the officers and the public, we do not pretend to know.

It is indisputable that there is a growing tendency on the part of the people to look more and more to the Federal Government to regulate matters that were once considered to be of a purely domestic character. This tendency may be explained by the great growth of communication between the states due to the building of railways, telegraph and telephone lines. As Mr. ROOT pointed out, unless the state governments awaken to the exigencies of the situation and vigorously enforce the laws, the Federal Government will be compelled to go even much farther than it has done.

This tendency to shift the burden of responsibility for law enforcement upon the Federal Government is to be deplored. It marks a falling off in the spirit of independence in their local affairs that has hitherto characterized the American people. The best guarantee for the preservation of the rights of the public is to be found in an insistence upon these rights on the part of every individual, and the state laws and courts afford a more convenient means of redressing injuries than can the laws or courts of the Federal Government.

While it is not feasible for the states to exercise the desired supervision over railway and other corporations engaged in interstate commerce, there is no reason why they should relinquish to the Federal Government any of the prerogatives they now have respecting purely domestic corporations. It has been proposed that trust companies should be granted authority to incorporate under Federal law, but it is difficult to see any necessity for this. Though the state laws regarding these institutions are in some cases defective, they may be improved at any time the people of the state concerned so elect.

In matters affecting all the states, or in our foreign relations, the power of the Federal Government should be upheld and strengthened where necessary. But, on the other hand, any tendency of the general Government to encroach upon the management of a state's domestic affairs should be vigorously resisted.

SOME of the New York city banks and trust companies have recently been criticized for their alleged endeavor to manipulate the rates for call loans. Naturally, the banks deny, with a great deal of vehemence, that they have been guilty of any such practices. It is admitted, in some cases, that in order to increase their reserves they have found it necessary to contract their loans early in the day, and that later on, finding the situation materially improved, they have been able to lend out in the afternoon the funds which were withdrawn from the market in the morning. The fact that in one instance the funds were loaned out to the identical person from whom they had been withdrawn, and at a higher rate, gives color to the accusation of manipulation; but the banks explain that this is merely a coincidence.

The extraordinarily high rates for money that have ruled at New York on several occasions during the past year are attracting much attention in banking circles, and the need of applying some corrective measure is deeply felt. It has been suggested that the clearing-house and the Stock Exchange could agree on a rate to be fixed from time to time, and it is expected that the banks and trust companies would feel in honor bound to conform to any rate thus established. If the high interest rate is evidence of a legitimate demand for money, it will be difficult to regulate it by any mere agreement of this sort; but if it is to any extent due to manipulation, such an agreement would no doubt be effective.

While it is desirable for many reasons that there should be concerted action in this matter, the real difficulty lies much deeper than the state of facts referred to seems to indicate. We have so often referred to the defective condition of the bank-note currency and the sub-Treasury system that it is unnecessary to go over these matters again.

THE organization of a clearing-house section by the American Bankers' Association promises to be an event of great importance to the banking interests of the country. Heretofore there has been great diversity in the methods employed in effecting clearings in the different cities having clearing-house organizations. It would contribute greatly to the lucidity of the clearing-house statistics if these methods could be brought to something approaching uniformity. These statistics are used by financial writers and others in estimating the business progress of the country, and they are also often employed as a basis of comparing the banking transactions of certain cities. Unless the varying methods spoken of are kept in mind when making such comparisons, their value is greatly impaired.

The union of the clearing-houses in an association like that mentioned ought also to afford the opportunity for considering the question of collecting country checks on a more scientific basis than has generally characterized the discussion of the subject heretofore. The action of a number of the clearing-houses of the country in imposing charges on these checks seems to be more or less haphazard, and it is certainly desirable, in a matter of so much importance to the banks and the general business interests of the country, that action should be taken which will represent the very best judgment of the banking community and will have careful regard to all the interests concerned. For the large city banks to start with the assumption that the country check is a nuisance that should be curtailed or stamped out altogether, is to begin at the wrong point.

The country check, despite the prejudice with which it may be regarded by some metropolitan banks, is one of the principal instruments used in carrying on the country's commerce. Instead, therefore, of curtailing or prohibiting its use, every effort should be made to extend it. In saying this we by no means lose sight of, or wish to minimize, the difficulties encountered by the city banks in handling these items. It is believed, however, that if the clearing-houses of the country, acting through this central organization, will carefully consider the subject in all its bearings, a solution may be worked out that will be satisfactory to all concerned.

PRESIDENT ROOSEVELT recently sent to Secretary SHAW a letter expressing appreciation of the Secretary's services. In this letter the President stated that people tend to forget year by year that the Secretary of the Treasury stands between them and business disaster. While under our present sub-Treasury system it is undoubtedly true that the Secretary of the Treasury often stands between the people and business disaster, it is nevertheless a fact that does not do us much credit. The President, of course, states what is well known in commending the foresight and skill displayed by Mr. SHAW in his administration of the public finances. Similar testimony to Mr. SHAW's ability was given some time ago by Mr. JACOB H. SCHIFF in an address before the Manufacturers' Association at Chicago. These expressions must be very gratifying to the Secretary, who has labored most indefatigably to minimize the disadvantages inhering in our present crude method of handling the Government revenues.

Mr. SHAW, indeed, achieved so much success that it is liable to obscure in the public mind the faults referred to. With large surplus revenues at his command, and granting that the Secretary shall always possess as much financial acumen as Mr. SHAW has displayed, it might be that these evils could be always mitigated, but it is quite within the range of probabilities that some one of less ability than Mr. SHAW may become Secretary of the Treasury, and that on the other hand he might at some time lack the resources which have been at the command of Mr. SHAW.

Furthermore, it is not very flattering to American pride for us to realize that only the Secretary of the Treasury stands between American business men and disaster. This is a rather thin line of defense, and much too near the citadel for comfort. The only real safety in this direction lies in the complete readjustment of the method of handling Government receipts, so that they shall be deposited with the banks in exactly the same manner as the funds of business establishments of all kinds are now deposited. When this is done the money market will be entirely relieved of the artificial influences due to the alternate withdrawal and return of large sums of money from the channels of trade and industry through the operation of the sub-Treasury system. There is no justification for a policy that, during a dull period of business, keeps idle in the Treasury many millions of dollars. If this money is needed in business, it should be left in the banks. If it is not needed, it should be retired and cancelled. The idle notes which a Canadian bank holds, for instance, are, while in the custody of the bank, only so much printed paper, representing no lockup of capital whatever; and until our bank-note system approximates this ideal, we shall continue to be vexed with the same problems which now confront us at certain seasons of the year.

THE proposal to have the savings banks of the country undertake the business of life insurance opens up an interesting subject for discussion. The revelations made some time ago of the conditions existing in several of the large insurance companies have led to much dissatisfaction regarding the management of those corporations. That the expense of administering the funds committed to the charge of these companies is much greater than that incurred in the handling of savings bank deposits, is indisputable. This greater expense is attributable, to a large extent, to the agents' premiums which the insurance companies pay on new business. Of course, the savings banks do not have to employ agents in order to procure their deposits. Many of the savings banks even confine their advertising to the publication of the dividend rate as declared. Besides, the principal officers of the savings banks serve without compensation, thus making these institutions semi-philanthropic in their character.

If the business of insurance companies were confined solely to providing investments, there is no doubt that the business could be turned over to the savings banks with great advantage to the people who now contribute funds to the insurance companies. But since a large part of the business of the life insurance companies consists of insuring against death losses, this would bring to the savings banks a kind of business with which they are unfamiliar; and they now lack the equipment necessary to its successful prosecution. In time they could, however, build up the necessary machinery to take the place of that now in smooth working order among the insurance companies.

Inasmuch as many of the derelictions of the insurance companies have been attributed to the magnitude of the funds handled by them, the question arises whether, in the course of time, the savings banks would not be subjected to the same temptations that are supposed inevitably to attach to the control of large masses of wealth centered in a single institution. Heretofore the savings banks of the country have entirely escaped criticisms such as have been leveled against the insurance companies, and it would be most unfortunate if these provident institutions were subjected to attacks such as would impair the public confidence now reposed in them.

On the other hand, there is no doubt that the system of life insurance, particularly that known as industrial insurance, is conducted with a great waste of money, and that the wage-earners of the country are compelled to make good this frightful waste. If the savings banks would conduct the business of life insurance as judiciously and economically as they now conduct their present operations, there is no doubt that industrial insurance could be transfereed to these institutions with great benefit to the persons who now hold policies in the industrial companies. In Massachusetts a movement is already on foot looking to the assumption of this class of business by the savings institutions of the Commonwealth, and it may be expected that the idea will find favor in other states where the mutual savings banks system prevails.

The matter is one of great importance, and before any definite steps are taken it ought to be widely discussed by the savings bank officers of the country. THE BANKERS' MAGAZINE will be very glad to receive and publish concise expressions of opinion on this subject.

THE insurance of bank deposits is proposed in a letter to the Editor, published in another part of this issue of the MAGAZINE. It is suggested that an association be formed for this purpose, the funds to be derived from contributions by the banks. It may be recalled that an attempt to organize an association on a somewhat similar basis was made many years ago, but it was decided by the Comptroller of the Currency that the national banks could not legally use any of their funds for this purpose.

The insurance of deposits, as suggested some time ago by the MAGAZINE, has been taken up by some of the surety companies, but with what degree of success we do not know. Of course, if it is thought desirable for the banks to form an association to insure their deposits, Congress might be prevailed on to grant the necessary authority, but if it is deemed better that the insurance be provided by a small tax on the deposits, a plan of this kind could be devised which would no doubt effect the desired purpose.

In an address before the last annual convention of the Indiana Bankers' Association, President CHURCH had the following to say regarding insurance of bank deposits:

"Insurance of deposits is strictly a banking question, and a problem which the banker must solve for himself, as when demanded by his depositor, and the opportunity offers, he will be obliged to furnish the insurance, or be content with decreased business. The only desirable and available method is the system now applied to fire and life indemnity by an independent guarantee company, with large capital, and a rate based on losses of preceding years, with sufficient provision for estimated expenses, losses and a substantial profit to stockholders. This proposition would contemplate the company becoming a partner with the bank insured as far as the bank's assets are concerned, making it necessary to maintain examinations and supervision along partnership lines to protect alike the stockholders and the company's interests, the depositor having a guarantee to the extent of both the bank and the company's resources. With this guarantee and satisfaction of ultimate payment it should relieve the depositor of any anxiety or distrust; confidence will be maintained and runs and panics practically done away with."

The same subject was referred to in the following forcible manner by CARSON HILDRETH, president of the Franklin (Neb.) State Bank, in an address before the late convention of the Nebraska Bankers' Association:

"In passing I cannot forego digressing a moment in which to say that while Nebraska bankers have long discussed possible measures to protect depositors of defunct banks, it behooves them to follow up this discussion with persistent efforts to reach the correct solution of the problem and have proper laws passed. There are three reasons for this: first, that our banks may draw into their vaults the large increase of deposits which will surely come when the people know there is absolute security to them; second, to prevent the Government from going into the banking business, which may result if we fail or neglect to provide this absolute security that the growing public sentiment is going to demand; and, third, to justify our claim that bankers themselves are undertaking to secure legislation to guard the public interests.

"There will continue to appear the Hipples and the Stenslands. The legitimate banking interests will continue to be curtailed and injured by derelicts. Distrust will still be sown. The agitation for safeguards will go on. This agitation is wholly justified, when it is possible under our present system for 22,000 depositors of one bank in one day, without a moment's notice, to lose their deposits or even a part of their hard-earned savings. You and I, if we are sincere, are concerned in these people. Bankers all over the land are concerned. The same thing may at any time in a smaller way occur in a Nebraska town or city. We know it and the people know it. Wisdom and self-interest dictate that without further delay we pause in our busy haste and help to evolve the needed safeguard. If we do not do this thing, the people will do it. The sentiment is crystallizing every day. It does not take the prophetic vision of Elijah to see the cloud above the horizon already larger than a man's hand. The result of our neglect will be a postal savings bank system."

From this it will be seen that although opinion has not crystallized around any particular plan, the idea that bank deposits might with propriety be guaranteed in some way is still regarded with considerable favor.

IN these days, when so much is heard in condemnation of men of wealth, it is gratifying to be able to set down something on the other side of the account. Doubtless many men of wealth, as well as some who are not so fortunately circumstanced, do not scruple to avoid their responsibilities when they can do so without the fear of discovery. The recent action of a Montana capitalist in voluntarily assuming a liability with which he could not be legally charged, affords a striking example of a contrary disposition from that described above. The case to which allusion is made was that of Mr. AUGUSTUS HEINZE, who was formerly president of a bank at Butte, Mont., that failed not long since. Although some time before the failure Mr. HEINZE had entirely withdrawn from the bank, he very generously assumed its liabilities to the extent of $100,000, in the belief that many depositors had been induced to place their funds with the bank on the strength of his supposed connection with the institution.

AT the annual dinner of the National Civic Federation a short time ago, Mr. August Belmont, the well-known banker, who is president of the Federation, gave the following reasons why, in his opinion, no action should be taken that would prevent the accumulation of great estates and fortunes:

"In contemplating the future of the great and ever-growing needs of our institutions of learning and instruction, our charitable and religious establishments, into whose life and growth have flown a seemingly endless and increasing stream of bequests and donations from great estates and fortunes, such as no other country can boast of, one must pause at the thought of drying up those springs of life. I ask, Would popular subscriptions take their place; or, failing that, must a paternal government, to provide them, be the alternative? That is one of the phases of the problem that cannot escape contemplation."

It would be deplorable if the present antagonistic spirit with reference to great accumulations of wealth should lead to the enactment of laws that would confiscate any of these great fortunes. While the public mind has been inflamed by certain disclosures that have been made in the past few years, there is no justification for adopting a policy that would tend to restrict the legitimate acquisition of wealth.

Enough sound reasons can be adduced in favor of encouraging the concentration of property into the hands of those who show great business capacity without making it appear that these captains of industry are, necessarily, the men most endowed with the degree of discrimination required to employ money for the public good. It is well known that some men who have shown remarkable skill in the accumulation of money have not been conspicuously gifted with the ability to employ it wisely for public purposes. The late Russell Sage is an example of men of this class. As a money-maker Mr. Sage had few, if any, equals; but he apparently felt himself so little fitted for its wise employment in behalf of the public that he made no attempt to distribute his vast accumulations. Even Mr. Carnegie's zeal in establishing libraries has been criticized by many, and with so many avenues open to the employment of large sums of money for benevolent purposes, it is at least an open question whether the building of libraries affords the best means for ameliorating the condition of those people whom our philanthropists desire most to benefit.

Is it not rather an assumption of superior wisdom for any man to say that he, of all the people in the country, is the one best fitted to so use vast sums of money as to confer the greatest benefit upon humanity? It would seem that this is an attribute that hardly appertains to even so exalted a personage as the average multi-millionaire. It is quite conceivable that any man who has accumulated much property may, in his benefactions, merely follow his own personal whim, whereas if the best results are to be obtained, such distribution ought to be made only after the most careful deliberation by men who have made philanthropy a life study.

That the favored few who are the possessors of enormous fortunes consider themselves especially fitted to use such accumulations for the public good is well expressed by the following quotation from Mr. ANDREW CARNEGIE'S "Gospel of Wealth:"

"There remains, then, only one mode of using great fortunes; but in this we have the true antidote for the temporary unequal distribution of wealth, the reconciliation of the rich and the poor—a reign of harmony. . . . Under its sway we shall have an ideal state, in which the surplus wealth of the few will become, in the best sense, the property of the many, because administered for the common good, and this wealth, passing through the hands of the few, can be made a much more potent force for the elevation of our race than if it had been distributed in small sums to the people themselves. Even the poorest can be made to see this, and to agree that great sums gathered by some of their fellow-citizens and spent for public purposes, from which the masses reap the principal benefit, are more valuable to them than if scattered among them through the course of many years in trifling amounts."

The wise benefactions of men like PEABODY, PETER COOPER and Mr. CARNEGIE himself, are well known. No one who wishes to see the human race elevated would seek to minimize the good that these men and others like them have conferred upon mankind. It will probably be found, however, that men of great wealth who have made such commendable dispositions of their fortunes are rather in the minority. One does not have to seek very far to find an abundance of evidence that many, perhaps most, of the possessors of large fortunes use their means in ostentatious and vulgar display. A considerable part of the fortunes acquired by some of the great American millionaires has been devoted to the acquirement of European dukes, counts, etc., and the investment does not seem to have been satisfactory even to those most intimately concerned.

It is, of course, only when money is collected into large amounts, either by individuals or corporations that it becomes capital to be used in furthering business enterprise, and there is no question that such aggregations are highly beneficial; nor could it be seriously disputed that only a comparatively few men have the ability to so use this aggregated wealth as to make it productive. As a corollary of this it follows that humanity is benefited by having such aggregations of capital under the direction of men possessing the ability of Mr. ROCKEFELLER, Mr. CARNEGIE and others of like capacity. On this ground the aggregation of capital either into the hands of individuals or corporations can be defended; but there is grave doubt whether when it comes to expenditures for benevolent or philanthropic purposes these men make any better use of money than would be possible under a system where such expenditures were left either to the state or in the hands of a specially-selected committee.

THE requirement in the Currency Commission's plan that the new credit notes should have the same reserve against them as is now required for deposits, has been criticized on the ground that it would make the issue of the notes too costly. This criticism loses sight of another fact, namely, that if no reserve were required, inflation would almost surely result. This phase of the subject was dealt with by Mr. JAMES B. FORGAN, president of the First National Bank of Chicago, in a recent address, as follows:

"The next plank in the commission's plan is that the same reserves must be carried against credit notes as are now required against deposits. The argument that clinched this principle in the minds of the commission, causing them to vote for it unanimously, was that when a bank pays a check in its own notes—and this is really the only means it has of getting them into circulation—it only gives out a demand obligation similar in its nature to the deposit obligation which has been cancelled by the payment of the check.

"An illustration will make this clearer. Suppose a bank in Minneapolis has accumulated a balance during the summer months with its correspondent, in Chicago, or New York, of $1,000,000, or more, and in the fall it finds it necessary to call upon that correspondent to send it $500,000 in currency, to which the correspondent responds by shipping $500,000 of its own credit notes. What has the correspondent done? Simply reduced its deposit liability $500,000 and created a demand note liability of the same amount. If it is not required to maintain a cash reserve against the new liability thus created it has increased the proportion of its legal reserve to its remaining deposits by $125,000, which furnishes it with the basis of expanding its loans to the extent of $500,000, which would mean inflation pure and simple.

"Every check paid by a bank in its own credit notes forms a similar transaction and results to the amount of it in the same effect on its legal reserves."

There are other reasons why the fluctuations of a bank-note currency should be proportioned to the coin reserve, but even if there were not, the desirability of preventing inflation would, of itself, be a sufficient consideration.

FESTUS J. WADE, president of the Mercantile Trust Company of St. Louis, and member of the Currency Commission of the American Bankers' Association, delivered an address before the Bankers' Club at Detroit, Michigan, on December 7, in which he clearly set forth the principles pertaining to a credit currency. Whatever may be the fate of the commission's plan before Congress, such addresses as the one referred to will have an excellent effect in educating banking opinion along the right lines.

Regarding the present practice of the sub-Treasury in locking up money, Mr. WADE said:

"It has been clearly shown by the report made to Congress by the Committee on Banking and Currency, that if the Government had deposited its surplus funds in national banks from January 1, 1879, to June 30, 1904, and received two per cent. on its daily balances (exclusive of a working balance of $50,000,000, and also exclusive of the $150,000,000 gold reserve against the United States notes), the interest so received would have amounted to $50,860,816.

Suppose the interest on the daily balances be set aside into a special fund (it is a new source of revenue and one the country has never had a penny from), first, to protect the Government from loss by failure of any national bank, and, secondly, invest such fund in gold coin, deposit the gold coin against gold certificates, and whenever the sum aggregates one million dollars, purchase United States Treasury notes, and thus, gradually retire that debt of the Government created by the Civil War.

It is estimated, if this rule was applied, the present $196,000,000 uncovered United States notes would all be retired and gold substituted in their place within a period of sixty years."

There has lately come into practice something that may, perhaps, explain why this obviously sensible reform is delayed. The Treasury now accepts state, municipal and railway bonds, as security for public deposits. This is a good thing for the railways, since it broadens the market for their securities. But it is an unnecessary burden on the banks and of no benefit whatever to the people. Actually, as Mr. WADE has so well shown, the people are losing a substantial sum every year by the refusal of the Government to apply plain common sense principles in handling its surplus funds. Besides this direct loss, in the form of interest which the Treasury might receive were the surplus funds deposited in the banks in the ordinary course at interest, the industry and trade of the country are being deprived of the use of a considerable amount of money which is sometimes locked up in the Treasury when badly needed for carrying on production and trade. Furthermore, when the Government decides to make deposits with the banks, large amounts are deposited within a short time, and this sudden impact of funds on the money market has a disturbing influence. This practice of the Treasury in "coming to the aid of the money market" is demoralizing. It fosters speculation and undue expansion of banking loans, for it seems to be understood that whenever the stringency becomes acute, the Treasury will intervene.

There are two possible objections to the abolition of special security for public deposits in the banks: first, the charge of favoritism would likely be made if the Secretary of the Treasury should confine the deposits to banks of known strength; second, the chance of loss through the failure of depository banks.

The first of these objections could be obviated to some extent by depositing the funds with clearing-house banks, or with all banks, in proportion to their capital and surplus. With respect to the second objection, the interest which the Government would derive from the banks could be used to constitute a safety fund that would many times offset the losses due to failures.

OUR apparent enormous trade balances are again attracting attention. No one seems yet to have satisfactorily explained just how it is, with so many millions accruing each year to our credit abroad, that we are still compelled to resort to borrowing in the foreign markets.

The "Journal of Commerce and Commercial Bulletin" of this city recently published some articles apparently written by one familiar with the foreign trade, who advances the idea that our export and import statistics are not to be relied on. If this criticism is well founded, a Government inquiry, as the writer suggests, ought to be instituted without delay.

On the face of the returns we have exported merchandise in the ten years from 1896 to 1905 of the net value of $4,755,837,095. In view of such a large export balance of merchandise, it would be expected that we should have imported a large amount of gold in this period. As a matter of fact, however, the net importations of gold were a little short of $200,000,000, thus leaving over $4,500,000,000 to be otherwise accounted for. That there was a considerable return of our securities from abroad some years ago is well known, but lately the balances accruing to our credit do not seem to have been thus absorbed, nor can it be thought that the increased payments on account of interest charges on our foreign-held securities, ocean freights, tourists' expenditures, etc., explain the swallowing up of the apparently large balance due us year by year, ALTHOUGH the national bank circulation has greatly increased of late years, its relative importance in the country's currency supply is much less than it was a quarter of a century ago. According to the last report of the Comptroller of the Currency, the proportion of national bank circulation to the entire currency of the country was greatest in 1873, namely, 43.7 per cent., but with the increase in the coinage of gold and silver the ratio steadily declined to 7.3 per cent. in 1891. From this low point there was a very gradual rise, and in June, 1906, 16.6 per cent. was reached. As is well known, this recent increase has been due to the funding of a large part of the public debt at a low rate of interest, and to the reduction of the tax on circulation, and also permitting the banks to issue notes to the full extent of their capital. These changes have tended to make the bank circulation more profitable. A large part of the increased circulation is, of course, due to the great prosperity of the country and the remarkable gain in the number of national banks.

Unless some unforeseen contingency should call for a large issue of bonds in the near future, and suppposing that the present regulations governing the issue of national bank circulation shall remain unchanged, the proportion of bank notes to other forms of money will tend to decrease. The new issue of Panama bonds which will augment the circulation to some extent, will be partially offset by the maturing and cancellation of other bonds now outstanding. Should, however, any plain be adopted permitting the banks to put out circulation without the deposit of bond security, then the national bank notes would no doubt in time form the chief part of our circulating medium.

WITH so many suggestions being made in favor of the operation of public utilities by the Government, it is refreshing to find some one who has the hardihood to propose that the post office business be turned over to a private corporation. The advocates of Government ownership are very fond of pointing to the post office as an example of the economy and efficiency that might be expected if the railways, etc., were owned and operated by the Government. In their enthusiasm for Government ownership, they do not make any mention of the deficit which has for several years characterized the administration of the Post Office Department.

W. D. Boyce, a Chicago publisher, who is reported to be a man of "big affairs and several times a millionaire," offers, if the Government will turn over to a $50,000,000 corporation under Government regulation, to reduce all postal rates by one-half, establish rural postal express, pay the Government rental for post office quarters, to eliminate all sinecures, politics and the deficit, and besides to pay the Government all profits above seven per cent. on the capital employed. This is certainly a most alluring proposition, and if it were carried out to the letter the people would, apparently, be the gainers. But think of the pangs of sorrow that would fill the breast of the average Congressman who no longer had any post offices to distribute as political favors!

The post office service as at present conducted is excellent in most respects and its advantages are so great as to obscure some very serious defects. These latter, however, can perhaps be remedied without resorting to any such drastic expedient as would be involved in turning the department over to a private corporation.

IN an address before the Illinois Manufacturers' Association at Chicago on December 11, Mr. Jacob H. Schiff, of the well-known banking-house of Kuhn, Loeb & Co., New York City, criticized the plan of currency reform proposed by the commission appointed by the American Bankers' Association, and also adverted to our sub-Treasury system, which he characterized as "almost barbarous."

Mr. Schiff expressed doubts as to the advisability of permitting our numerous independent banks to issue currency not specially secured. He thought that if at any time there should be lack of promptness in redeeming the notes, it would discredit the issues in the public mind. To avoid this he suggested that the banks should form a central association of some kind to insure the safety of the notes of all the issuing banks.

This idea of some central organization to supervise the emission of a credit currency seems to be gaining favor, as it is believed by many that it will be very difficult to insure the prompt redemption of notes under our system of independent banks. Whether this central association could best be formed for this exclusive purpose, or whether it might be feasible to utilize the existing clearing-house associations, is a matter about which there is some difference of opinion. The growing sentiment in favor of some plan for exercising a centralized supervision over the issue of a credit currency must be regarded as an indication of the conservative character of the banking institutions of the country.

MR. FOWLER, Chairman of the Banking and Currency Committee of the House, has introduced a bill for the issue and redemption of "national bank guaranteed credit notes." This bill embraces substantially the recommendations recently made by the committee appointed by the American Bankers' Association. The only material difference is that instead of making the tax on the first portion of the notes issued two and one-half per cent. a year, the rate has been fixed at three per cent.

If it was desired to limit the issue of these notes to emergencies, the tax is too low; on the other hand, it seems so high that it will make it unnecessarily expensive for the banks to issue the notes while money rates are normal. We have several times expressed the opinion that a tax of any kind was both costly and unnecessary; but the timidity of the bankers in regard to a credit currency seems hard to overcome, and this tax represents a concession to this sentiment. It is to be hoped the bill will become a law, although opposition may be expected in the Senate. The enactment of this bill will provide the means for affording considerable relief in a time of financial stress, and it is to be regarded as an initial step in finally getting rid of the bond-secured currency altogether and substituting for it something akin to the Scotch and Canadian bank-note system.

OUR system of numerous independent banks, as distinguished from the comparatively small number of banks in other countries, is regarded by some people as a source of weakness, and those who look with admiration on the banking system of Canada and other countries where there are a few great banks with branches, would like to see this feature substituted for the system now prevailing in this country.

While the branch system may afford a somewhat higher degree of safety, it is not so clear that it has the same advantages in other respects as our present system of numerous independent banks. These latter are owned and controlled by local business men, not by non-residents. While the branch bank itself may be as desirous of advancing the interests of the locality where it does business as the independent bank is, it does not have the same local board of officers and directors always at work in its behalf.

Notwithstanding that many states of the Union are still sparsely populated as compared with older settled countries, the banking facilities of the United States will compare most favorably with those of any other country.

In a recent communication to "The Commoner," of Lincoln, Nebraska, Mr. Henry W. Yates, president of the Nebraska National Bank at Omaha, stated that the plan for an asset currency might have behind it a scheme to establish a great national bank with branches. While such an institution could perhaps more advantageously issue a credit currency than the present system of widely scattered banks, it is by no means certain that our present banking system cannot be adapted to the issue of such a currency. If it cannot be done, however, the asset currency scheme should either be dropped, or the regulation of such a currency turned over to the clearing-houses.

PRIVATE CORPORATION SECURITIES.*

THEIR FORMS, SIGNIFICANCE AND RELATIVE INVESTMENT STATUS.

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CORPORATE BOND TYPES (CONTINUED).

GROUP IV.

GROUP IV departs from the investors' ground of classification, namely, "basis," and is constructed from the corporation's standpoint, or the idea of *purpose of issue*. Accordingly, it contains types of different degrees of merit and corresponding "basis," but without other bond of unity save that of purpose.

1.—JOINT BONDS.[50]

Joint bonds are issued by two or more companies, usually to acquire control or ownership of a property to be held in common. They are contracts made and entered into by the different companies as obligors who are *jointly and severally* liable upon and according to the covenants therein contained.

Security, etc.: Such bonds are commonly protected by *collateral* deposited in trust, and therefore resemble other collateral issues in the matter of security. They have also the additional "backing" of the joint and several liability of the companies concerned, each of which is holden for both principal and interest; should either company default in its obligation concerning the bonds, the deposited stock which belongs to the defaulting company becomes the property of the other, or others, which thereafter are liable in severalty upon all covenants contained in the bonds. Where, as is usual, the collateral deposited with the trustee is capital *stock,* as in the two leading examples, the issue of bonds is generally and should be made under closely guarded restrictions in the trust indenture, to provide that the *company whose stock is deposited* shall not execute nor issue any bonds except to refund its existing obligations, or for the acquisition of additional properties, or for betterments or improvements, or such purposes as will increase, or at least not lessen, the

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* Continued from December number, page 896.

50 Great Northern-Northern Pacific, Joint 4's, 1921; secured by deposit in trust of Chicago, Burlington & Quincy Stock, commonly known as the "C., B. & Q. Joints."

Louisville & Nashville-Southern Railway, Joint 4's, 1952; secured by deposit in trust of Chicago, Indianapolis & Louisville Stocks, commonly known as the "Monon Joints."

Mobile & Montgomery-Louisville & Nashville Joint Mortgage 4½'s, 1945.

value of shares deposited in trust, which otherwise may be materially weakened by the issue of subsequent funded debts. The value of such bonds may be likewise depreciated by an increase of capital stock, a lease of lines, or a sale of properties of the company whose stock stands as collateral; and it is essential that strict provisions should be made in the trust indenture to guard against all such inequitable procedure toward bondholders.

Furthermore, provision should be always made that neither of the *companies party to the joint liability* will additionally incumber its own existing properties by any new mortgage, save for improvement, extension, or refunding purposes, unless such new mortgage provides that any deficiency, after application of the security pledged under the joint mortgage to its liquidation, shall be secured under said new indenture.

While these are in general a collateral issue, yet because they are a joint obligation which in fact enjoys a triple security, puts them in a little higher class than the ordinary "collateral," and they accordingly sell on about a 4.15 to 4.20 per cent. basis.

2.—Collateral Trust Bonds and Notes.

These have been frequently issued in the last quarter century. They are specifically secured by their lien on other bonds or stocks, or by both together, of auxiliary corporations or of subsidiary properties of the debtor company itself, deposited with a trustee as collateral for the bonds issued against it under the trust indenture.

Security, etc.: The issue purposes of these bonds are varied, but may be roughly grouped as *(a)* to finance new or added construction, *(b)* to secure control of additional property, *(c)* to fund existing debt, temporarily or permanently. In each case, the form and character of the pledged collateral will probably somewhat differ. And as these issues are a direct lien on the pledged personalty rather than on the real property represented thereby, it is necessary to examine the particular security likely to be found on different occasions, to determine the value of a collateral bond. Furthermore, such obligations are issued by either an *operative* or *holding* company, the status of the bondholder as to security being somewhat different in either case.

As stated in the definition, the pledged security may be of two kinds: A.—*Bonds* only;[51] in all such cases the collateral bondholders' safety can only be determined by answer to the questions, *(a)* what is the nature of the bonds themselves? *(b)* What security underlies the underlying bonds? Is it yet other collateral, or is it physical property; and, if so, what is its character? These bonds, when security for collateral bonds, may be those of the *same obligor,* but are commonly those of *constituent companies* of the issue corporation itself; especially is this so where the

51 Chicago & Eastern Illinois, Coll. Tr. 6's, 1912.
Louisville & Nashville, Coll. Tr. 4's, 1923.

"collaterals" were put out in connection with the acquirement[52] or extension[53] of additional and subsidiary properties constructed, as they generally are in modern corporation finance, by bond avails. The security, accordingly, will probably be extension, divisional, or other bonds which have a first mortgage on definite physical assets. In this event, and should this be the only security pledged, the collateral bondholder would be in effect a first mortgage bondholder on some particular section of the same system which issued the "collaterals" noted. It may happen, however, that bonds of different kinds on different parts of a system are put up as security, in which case, as in every other similar instance, the bondholder might come into possession of *several separated* and therefore less valuable properties in the event of foreclosure. In all cases, however, including those which follow, plain provision should be made in the covenants against the *substitution of other collaterals* by the obligor company, as has sometimes been done, though never to the collateral bondholders' benefit.

B.—*Stock* only: Hypothecated shares form a very large part of collateral security, and, as a class of collateral may be considered secondary in value to the bond group; though, of course, there might be instances where the stock of a united and important property is a more valuable asset and security than the bond, even first lien, of another company. In all cases, however, where stock forms a security, two considerations importantly affect its worth; *(a)* value of stock as collateral always depends upon the extent of the *existing credit obligations* of a company; and *(b)* not less upon the formal provisions and *restrictions against the weakening* in any way of that collateral.

(1) The stock may be a *minority*[54] either *(a)* of the issue company itself, or *(b)* of another or other companies. In either case it constitutes the poorest kind of collateral, without redeeming features. It offers no possibility of control, is subject to all obligations and vicissitudes of the corporation, and, should it be the stock of several subsidiary companies or minor or scattered properties, might give the holder, in the event of foreclosure, no connected or unified interests of effective value.

(2) A *majority*[55] interest in the stock of the same, or of another or other companies. In the latter cases the collateral bonds would have likely been issued in connection with the acquirement of control of the outside properties. This majority, in turn, may be either *actual or nom-*

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52 Illinois Central, Coll. Tr. 4's, 1953.
Pennsylvania R. R., Coll. Tr. 4½'s, 1913.
Southern Railway, Coll. Tr. 4's, 1938.

53 Missouri Pacific, Coll. Tr. 5's, 1917.
Missouri Pacific, 1st Coll. Mortg. 6's 1920.

54 Missouri Pacific, 5% Gold Notes, 1908.

55 Atlantic Coast Line, L. & N. Coll., 4's, 1952.
Erie, Penn., Coll. Tr. 4's, 1951.
Lehigh Valley, Coll. Tr. 4's, 1926.
New York Central & Hudson River, Coll. Tr. 3½'s, 1998.
Southern Pacific Co., Coll. Tr. 4's, 1949.

inal—that is, it may be a majority of all outstanding stock, but not of the total authorized amount. In either case, however, it is absolutely essential that safeguards be provided in the contract under which the bonds are issued to preserve their value. Thus, where the stock pledged is a majority of the bond issue *company's own outstanding,* it should have agreed not to issue any more during the life of the collateral bond; or, if so, that then all future or further amounts beyond that held shall be pledged so soon as issued as additional security for the bond. In this way the value of the collateral as the medium through which the corporation may be controlled is maintained intact. Since, also, the financial interest of shareholders is subordinate to that of creditors, the value of share collateral, whatever its proportion, should be further protected by formal promise on the part of the obligor company not to thereafter increase its bonded debt, without proper additional provisions for protection of the collateral bondholders in their present status of security.

Finally, when the pledged shares are a majority of those of another company, controlled through such stock ownership, covenants similar to the above should be made by the obligor company on behalf of the auxiliary company which it controls. Since, also, the general principle still applies that a bond maker is holden for any failure of the security to satisfy the obligation, the issue company should additionally covenant for itself not to increase its funded debt without due provision that the collateral bondholders, in case of any deficiency in their security, will share proportionately in the security thereafter pledged by it to its first subsequent creditors.

(3) Mixed[56] collateral (bonds and stocks)—may be the security where the obligations—which are apt to be notes—were put out to fund floating debt. Here, of course, the amount and kind of bonds and stocks included must be determined, when the same considerations above noted will apply to each.

"Holding companies"[57] collateral bonds stand on a somewhat different footing than those issued by operating companies. Substantially the same considerations apply in each case, but there is an additional point to be noticed in connection with the "holding companies" bonds, namely, that they have but one support instead of two; in other words, should the income, whatever it may be, from the pledged collateral fall off or be inadequate to meet interest payment on collateral bonds, an operating company possesses a productive plant for the creation of earnings with which it may meet obligations, permanently or temporarily; while a holding company, possessing no productive property of its own, has no independent earning potentiality of its own, but is wholly dependent for its revenue and its consequent ability to meet its obligations on the success

56 St. Louis & San Francisco, 4½% Gold Notes, 1908.
Southern Railway, Coll. Tr. 5% Gold Bonds, 1909.
Southern Pacific Company, Coll. Tr. 4% Gold Bonds, 1910.

57 Chicago, Rock Island & Pacific Railroad, Coll. Tr. 4's, 2002.

of an outside enterprise, which, while it may control, it cannot supplement with productive efforts and profits of its own.

COLLATERAL TRUST NOTES.[58]

Collateral trust notes, or short-term obligations, form a large part of collateral issues, and are put out by strong and weak companies for transient needs or when the market is unfavorable for bond flotations, with the idea to later fund the debt at a more opportune season into more permanent form. Weak companies, however, may be under peculiar need to employ such notes, since their collateral may often be inadequate for a long-term bond, and yet be considered by the public a sufficient surety for a short speculative hold before a considerable time has elapsed in which commercial and financial conditions may take a decided change for the worse.

Shares, often of the issue company itself, frequently form a considerable portion of such collateral, while the loan indenture generally provides for the immediate defeasance of the security to the creditor on the debtor's default.

Where the note is one of a strong company, they may sell at a higher price (lower basis), even when the collateral itself has but a junior lien, than the senior obligations of some other companies; thus, Pennsylvania R. R. "collateral notes" are on a lower basis than first mortgage bonds of some other roads. Such issues will accordingly be ranked in the first group of these securities.

3.—PURCHASED LINES BONDS.[59]

Bonds of this character are issued to acquire properties on which they are secured.

Security, etc.: A mortgage, usually junior in whole or part, upon various minor properties acquired, which are subsidiary to the parent company.

4.—PURCHASE MONEY BONDS.[60]

These bonds are equivalent to "purchased lines," which see.

5.—REORGANIZATION BONDS.[61]

Reorganization bonds have been issued in pursuance of a plan of and for reorganization purposes.

Security, etc.: In the illustration, their lien is a junior one; though they may theoretically be senior.

58 Chicago & Alton, Collateral Gold 4% Notes, 1907.
Chicago, Rock Island & Pacific Railway, Collateral 4½% Gold Notes, 1907.
Pennsylvania Company, Collateral 4½% Gold Notes, 1907.
Kansas City, Southern Railway, Collateral 5% Gold Notes, 1912.

59 Illinois Central, Purchased Lines, 3½'s, 1952.

60 Central of Georgia, Chattanooga Division 4's, 1951.

61 Southern Ry., East Tennessee, Virginia & Georgia Reorganization 5's, 1938.

6.—Funding Loans.[62]

This is an old type of no particular importance at present—the example being the only case of the kind. They may or may not be secured.

7.—Improvement Bonds.[63]

These are issued to finance permanent improvements, betterments, or enlargements of existing property, purchase of new property, and similar uses.

Security, etc.: In the case of strong roads like the Boston & Maine and the Maine Central, these bonds are unsecured; where, however, the obligation possesses a lien it is in the nature of a general incumbrance upon the property; accordingly, it will be apt to constitute a junior claim on older portions and a first lien on the addition or betterment. The plant's added earning power which results from the improvements is assumed to enhance the soundness of this in common with all other obligations of the company.

As a class they rank only as a fair investment and sell on about a 4½ per cent. basis.

8.—Adjustment Bonds.[64]

The example introduced by the Atchison in 1895 is the only present case. Bonds of this character are issued in connection with a reorganization to adjust or settle the defaulted obligations held by unsatisfied junior lienors.

Security, etc.: The character of their design and use naturally makes them a second-rate class, subordinate to existing "first," "prior lien" and similar senior securities. In the above example the adjustments are junior to the lien of the "general mortgage 4's" due in the same year, while they partake of the nature of both bonds and stock—like bonds, they possess a lien, while on the other hand they have no power to bring foreclosure proceedings, except when interest is actually earned but wilfully "undeclared" by the directors; again, though entitled to a fixed rate of interest, it is declared like dividends *only* when earned, though the interest *must be paid if earned;* furthermore, bondholders may enforce an examination of the company's accounts by an outside expert to determine the fact and extent of earnings.

Other Features: A further *temporary* resemblance to stock was the *non-cumulative* feature in force from their issue in 1895 to 1900 (July 1), after which they were *cumulative.* A large amount of these bonds are outstanding, which accordingly gives them a broad market; their

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62 Northern Pennsylvania, Funding Loan 4's, 1928.
63 Boston & Maine, Improvement Bonds, 4's, 1937 and 1942.
Denver & Rio Grande, Improvement Mortgage 5's, 1928.
Kansas City Southern, Improvement Mortgage 4½'s, 1926.
Maine Central, Improvement Bonds, 4½'s, 1916-1917.
64 Atchison, Topeka & Santa Fe, Adjustment 4's, 1995.

price fluctuates through a somewhat wider range than the average bond, their present sales being on about a 4.35 basis.

GROUP V.

This group varies somewhat from the chosen ground of classification, but has a rather *higher average "basis,"* the immediate element common to all types being certain *maturity* features. The names indicate nothing concerning the security of either form, which is therefore entirely variable and must be examined in each case for itself.

1 AND 2.—IRREDEEMABLE[65] AND PERPETUAL[66] BONDS.

These are practically synonymous in meaning with each other and with "annuity" bonds; that is, they are without maturity. All alike can be retired only by *conversion or purchase.*

Security, etc.: For a time their lien may be of any kind; though, if permitted to remain, it must eventually become a first claim. Naturally, the security will be physical property; though theoretically it might be "collateral" rights, when of equal life with the bond, as stock. Concerning the manner of income computations and the effect on yield of the perpetual feature, see "annuity bonds."

3 AND 4.—EXTENSION[67] AND RENEWAL[68] BONDS.

The nature of these bonds is plain from their titles. They comprise obligations whose period of maturity has been extended or renewed.

Security, etc.: No change is effected in the lien, yield or general features of any bond so treated, its status remaining the same. Each case must be separately judged on its merits. (See also extension bonds, Group A.)

5.—SERIAL BONDS.[69]

Serial bonds embrace all those obligations certain portions of whose total issue mature serially at successive times, uniformly on interest dates.

Security, etc.: This feature may be given to any bond secured in any manner, and is uniformly applied to such issues as "equipments," etc.

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65 Northern Central, 1st Mortgage State of Maryland Loan, 6's, Irred.
66 Canadian Pacific, Consolidate Perpetual Debenture 4's.
67 Baltimore & Ohio, 4's, 1935. Extended in 1885.
Erie, Old New York & Erie, 1st, 2d, 3d, 4th, and 5th Mortgages. Extended.
68 Little Miami, Renewal 5's, 1912.
69 Atchison, Topeka & Santa Fe, Debenture 4's, Ser. E.-L., 1907 to 1914.
Chicago, Rock Island & Pacific, Coll. Tr. 4's, Ser. E.-P., 1907 to 1918.
Pennsylvania R. R., Cons. Mortgage Ser. A., 4½'s, 1940; B. & C., 4½'s, 1942; D. 4's, 1945; E., 3½'s, 1949; F., 4's, 1953.
Cleveland & Pittsburg, General Mortgage, Ser. A. & B., 4½'s, 1942; C., 3½'s, 1948; D., 3½'s, 1950.
Pittsburg, Cincinnati, Chicago & St. Louis.
Southern Pacific, 1st Mortgage Land Grant S. F., 6's, Ser. C. & D., 1906; Ser. E. & F., 1912.

The serial characteristic, however, furnishes an excellent test of general investment opinion concerning the two questions of a "security's" security, and the issue company's stability. Generally speaking, it may be said that where either of these factors is regarded as uncertain, the series of longer life will sell on a higher basis than those of earlier maturity; while long-term issues of companies of high credit, as the Pennsylvania, sell on a lower basis as investments than the short-term series; thus, in the illustrations below, the general mortgage bonds of the Cleveland & Pittsburg, due in 1942, sell on about a 3.90 per cent. basis, while the basis of those due eight years later, in 1950, is about 3.80 per cent.; on the other hand, the Rock Island Collateral Trusts, due in 1907, are on a five per cent. basis, and those due in 1918 on a 5¼ per cent. basis. These examples might be multiplied with even more striking cases.

6.—Optional Redemption.[70]

As a bond characteristic this designation refers to the privilege possessed by the issue company to pay off, on or after a stated date before the bond's maturity, the *entire* obligation so characterized. As distinguished from the "call" type, in which a *portion* only may be redeemed at the company's option at specified times, or the "serial" feature where a portion regularly matures, in advance of the final maturity of the series, this right of the company pertains to the whole debt only, or to none. Furthermore, optional redemption may usually be made on any interest date after that set for the exercise of this prerogative, subject to sixty days to six months notice. Where no redemption price is stated, the bonds are always redeemable at par and accrued interest.

Security, etc.: The security, of course, varies according to the bond concerned. The important bearing of this feature is its effect on *basis* and its influence on the method by which it is calculated. Safe policy demands that such issue be valued in the most conservative manner; accordingly, whenever the "and interest" price is quoted *below* par, the term of the bond is estimated to its *longest* maturity; while the *shortest* maturity, that is, the time of optional redemption, is taken when the "and interest" price is *above* par. Should the price at which the bonds may be redeemed be above par—as is occasionally the case—the computation is made on the optional figure rather than the par value.

It should be remembered, however, that though bonds may be callable or redeemable at a premium by a company itself under normal conditions, they are never settled at more than par in cases of failure and reorganization.

70 Chicago & Alton, Coll. Notes, 4's, 1907. Optional after 1904.
Chicago, Burlington & Quincy, Illinois Div. 3½'s, 1949. Op. after 1929.
Chicago & Eastern Illinois, Ref. & Imp. 4's, 1955. Optional any time.
Imperial Japanese Government, 1st 4½'s, 1925. Optional after 1915.
Louisville & Nashville, Trust 4's (5-20 years), 1923. Op. after 1908.
Rio Grande Western, Coll. Tr. 4's, 1949. Optional at any time.

GROUP VI.

Group VI holds a few bonds with still more incidental features, which chiefly relate to the *medium of payment.* As in the previous group, little can be said of their "basis," since either feature may apply to any bond. Under this head come:

1.—Currency Bonds.[71]

Such bonds are payable in the "legal tender" at the time of their maturity. The feature is now of no practical importance to the investor; though its incentive on the part of the corporation was evidently to avoid the necessity for the payment of any *premium* which might exist on gold at the time the bond should be paid off.

2.—Gold Bonds.[72]

By this term it is indicated that principal and interest of the bond are payable at the holder's option in "gold of the present standard weight and fineness;" practically, in an undepreciated currency.

Security, etc.: This feature was intended to give increased credit and value to the security at a time when the character of the future medium of exchange in the United States was doubtful. Since the adoption of a "sound money" standard and the passage of the law of March 14, 1900, the increased security from addition of the term "gold" to a bond title is more apparent than real. The safety of a "gold bond" rests on the same basis as that of any other; but the name commonly continues to be employed.

3.—Sterling Notes.[73]

These are payable in pounds sterling and are issued primarily for a foreign market. They also belong to this group. (See this title in unsecured group.)

GROUP VII.

Embraced in this group are the usual *unsecured* issues, which, while theoretically low in the list of securities, are yet often issued by strong companies and sell on a low basis.

All unsecured issues are in effect but the promissory notes of the indebted company issued in the form of bonds either registered or with

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71 Atchison, Topeka & Santa Fe, Chic. & St. Louis Div., 1st Mortgage cur. 6's, 1916.
Atlanta & Charlotte, 1st cur. 7's, 1907.
Boston & Albany, cur. 3½'s, 1951.
Boston Terminal Company, cur. 3½'s, 1947.

72 New York Central & Hudson River, Gold 3½'s, 1997.
Bangor & Aroostook, 1st Mortgage Gold 5's, 1943.
Central of New Jersey, General Mortgage Gold 5's, 1987.
Chicago & Northwestern, General Gold 3½'s, 1987.

73 Chicago & Great Western, Sterling Five Year Notes, 5's, 1908.
Illinois Central, Trust Bonds Sterling 3½'s, 1950.

attached coupons, or interest notes payable to bearer. Accordingly, in a sense, their *principal* is contingent and must depend upon and vary as to safety with the strength and good fortune of a corporation. On the other hand, in distinction from the contingent *income* group, these securities bear a fixed rate of return. It is therefore apparent that such issues, more especially the bond types, can ordinarily be floated successfully by only the companies of stronger credit. The different members of this group are naturally divided into three separate classes:

1.—Notes.

These are put out under various qualified titles such as "gold notes,"[74] "sterling notes,"[75] etc., which refer to rather superficial features, as the character of the medium in which they are to be paid. Such obligations are for short terms, and commonly issued by strong roads for immediate needs, or at times when the general market is unpropitious to bond flotations, and with the intention to later fund the debt at a more favorable season into more permanent form. As the notes find their investors chiefly among commercial banks and trust companies, they are often issued in large denominations of $5,000 or its multiples.

As to *return*, though issued by reliable companies, they uniformly bear a good rate, as five per cent., since, like commercial paper, they represent a present demand for money and are of short duration; for which reason, also, their market price remains close to par with an actual and nominal return nearly the same.

2.—Bonds.

Unsecured bonds are issued under the various titles of 'bonds,"[76] "plain bonds,"[77] etc., and are characteristic of the New England systems, some of which, though they carry certain underlying obligations of acquired companies, have never themselves put out other than their simple promises to pay. These stand in excellent credit, run for the long term usual to bonds, and uniformly sell on a basis which yields an average of about four per cent.

3.—Debenture Bonds.[78]

These are a more common form of unsecured obligation employed during the last score or more years since practically introduced by the

74 Central Vermont, Gold Notes, 5's, 1911.
Chicago Great Western, Gold Notes, 5's, 1909.
75 Chicago Great Western, Sterling Notes, 5's, 1908.
76 Boston & Albany, Bonds (not mortgage), 4's, 1913.
Boston & Lowell, Bonds (not mortgage), 4's, 1932.
Boston & Maine, Bonds (not mortgage), 4½'s, 1944.
Boston & Providence, Bonds (not mortgage), 4's, 1918.
77 Fitchburg, Plain Bonds, 4's, 1925.
Vermont & Massachusetts, Plain Bonds, 3½'s, 1923.
78 Atchison, Topeka & Santa Fe, Debenture 4's, Ser. 1907-1914.
Chicago & Northwestern, Debenture 5's, 1909.
Lakeshore & Michigan Southern, Debenture 4's, 1928.
New York Central & Hudson River, Debenture 4's, 1934.
New York, New Haven & Hartford, 4's, 1956.

New York Central to retire floating debt or for similar uses for which they provided a security of more palatable name than the growingly unpopular *"Income"* bond which they somewhat superceded, and are issued by companies in any section and with different credit. Compared with the many types of secured bonds, however, they are relatively few in number. Generally and necessarily they are floated by stronger companies, as the Lake Shore, though occasionally by weaker ones like the Wabash. Being without a lien on any of the rights or property of the debtor company, these bonds are sometimes granted compensation in the form of *voting power,* and their position guarded by provision that a labor mortgage on the debtor's property shall not be issued save as each and all of these bonds are given ratable lien along with that of the later issue upon the pledged property. Their safety and status varies, of course, with the respective credit of the corporations, while their actual return also ranges from about four per cent. to 6½ per cent. in the examples.

Variations from the normal type are found occasionally; thus, in the illustration, the security is termed a *certificate*[79] and is subject to optional redemption rather than with a fixed maturity; in the New Haven case, the debentures are convertible[80] into stock under certain conditions; while the acme of unguarded "security" is found in the citation, with its unsecured promise to pay contingent upon income[81] and without cumulative feature.[82]

GROUP VIII.

Group VIII contains those securities which rank lowest in the list of investments and have a large element of contingency and risk.

1.—Income Bonds.[83]

Bonds of this class are contingent in respect to their *interest return,* which may be either cumulative or non-cumulative, and are dependent upon the existence of surplus net earnings above all fixed charges, on which earnings they have a claim preferred to dividends. Their issue is confined chiefly to Southern and Western corporations of poorer credit, already loaded with debt and practically unable to float their stock, notes, debentures or other debt evidences, of less nominal, though not less actual security.

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79 Atlanta & West Point Debenture Certificates, 6's, optional.

80 Baltimore & Ohio, Convertible Debenture 4's, 1911.
New York, New Haven & Hartford, Convertible Debenture 3's, 1954.

81 Alabama, New Orleans, Texas & Pacific Junction, Debenture Income, 5's, 1940, Series, B. & C.

82 Wabash, Debenture Income, non-cum. 6's, 1939, Series A. & B.

83 Chic. & Northwestern, Mil. Lake Shore & W., Income 6's, 1911, non-cum.
Elmira & Williamsport, Income 5's, 2862.
New Orleans & Northeastern, Income 4½'s, 1952, non-cum.
Oregon Short Lien, Income 5's, 1946, non-cum.
Texas & Pacific, Second (Consolidated) Income 5's, 2000, non-cum.

Security, etc.: Contrasted with *debentures* which are unsecured, but with an unqualified interest obligation, income bonds are generally secured on physical property; (see also income debentures). Their lien, however, which is in the nature of a blanket mortgage, is junior to all others at the time of issue. Customarily, provisions are made in the accompanying indentures that the "incomes" shall be adequately provided for in case other mortgages are subsequently given.

A resemblance to stock, in the matter of income, is further emphasized by *different priorities of right to satisfaction,* the cause of such further specialized types as first, second or third *"Preferred Income"* bonds, as in the example,[84] which have a general junior claim on all "leaseholds, securities and equities" besides physical property of the company.

When non-cumulative, income bonds are very liable to be slighted, since there is nothing to prevent the management's use of surplus revenue for the improvement of the property to any extent as occurred in the Philadelphia & Reading in the early '90's. It is difficult, however, to protect the rights of these securities and compel payment of interest when earned. As a foreclosure suit cannot in general be brought before maturity, the only action would be an equitable one, in effect to compel an accounting and the payment of interest if earned. Accordingly, such bonds cannot be considered conservative investments, but adapted only to speculative purchase at low prices by those who have reason to believe in and can wait for their possible "future."

2.—Certificate of Indebtedness.[85]

This is a broad term which may include practically any form of corporate financial obligation with a variety of features. Generally they have been issued in connection with various purchases to avoid the burden of inflexible interest charges for a considerable period. The chief present examples are those of the Atlantic Coast Line, which possesses the following typical features common in both stocks and bonds: like the former, they are issued in the customary denominations of $100.00 each, are generally without maturity, and their income is contingent, similar to dividends, or the interest on "income" bonds; like the latter, their principal is secured by definite assets, they are registered in form, provision is made for their optional redemption, and they take precedence over all stock as to income.

Security, etc.: The pledged security, if any, is uniformly *collateral,* to be judged on its merits; while it is stipulated that no mortgage can be subsequently given on the company's property without the consent of the certificate holders, and unless provision is made for their proper protection and security. Bondholders possess a further feature of self-protection in the voting power which attaches to these certificates.

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84 Central of Georgia, 1st, 2d, 3d Pref'd Income 5's, 1945, non-cum.
85 Atlantic Coast Line, Certificates of Indebtedness, 4's & 5's.

Terms of the "Street."

There are certain names applied in a generic sense by security dealers to broad and inclusive types of bonds, which should be understood and distinguished in part from the more technical and accurate use of the terms:

"Blanket Mortgage" Bond is an elastic phrase used to indicate any mortgage obligation which covers all of a property, at least at the time of its issue. More specifically, it is commonly applied to any of the second group of bonds here treated, but especially to the general mortgage bond with which it is often used synonymously.

"Divisional" Bond in its popular application is the converse of "blanket," and is used of any obligation which constitutes a lien on but a part or section only of an entire property.

"Prior Lien" Bond in "Street" usage, refers to any first or underlying lien obligation, whatever its name, and is thus more inclusive than in its technical use.

"Closed End" and *"Open End"* Mortgage Bonds—embrace all issues on physical property, since each must be either *limited* or *unlimited* as to amount. Any provision in the mortgage indenture which limits the total amount of bonds which can be put out under that authorization—such as specific limit of the total, limit of the amount per mile and the restriction of the number of miles which may be built—makes such mortgage and the bond issue thereon a "closed end" one; any provisions whose effect is to limit the amount of bonded debt per mile is a desirable feature for the investor, in that the security is fixed and may not be weakened by subsequent additional issues.

Stipulations, on the other hand, which leave indefinite or unlimited the amount of bonds of a given issue which may be put out—as a specification of the amount per mile without restriction of the number of miles—leaves the obligation "open end." This in itself is not a bad feature, since the important question is the amount of obligation per mile; this may or may not be answered in the case of either an "open" or "closed end" mortgage which latter is by far the most common.

The next number of The Bankers' Magazine will contain a similar treatment by the same writer of corporate stock shares, their types and security.

INCORPORATIONS IN 1906.

THE total authorized capitalization of million-dollar corporations chartered in the Eastern states in 1906, according to the Journal of Commerce, aggregated $2,307,970,000 the largest since 1902. Companies incorporated in the other states swell the total to over $3,000,000,000.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

SECURITY AND SECURITIES (CONTINUED).

Security by an Owner's Warehouse Receipt—Bailee Receipts—Bills of Lading—Security on Real Property.

IN the last chapter was considered the security afforded for advances on goods by means of a formal document acknowledging receipt of them and undertaking to deliver them when called for, on surrender of the document. The legislation respecting these documents, and the title they conveyed, was also adverted to. In all these two persons were concerned—the person who deposited the goods and the person who undertook to take care of them, the latter being a warehouse-keeper, or wharfinger, by occupation. But in process of time, and what may be called the evolution of business, it came about that another class of receipts or certificates were proposed as security. The borrower, in small towns especially, often having a store, warehouse or yard of his own, the question was asked, why should he not be the warehouseman of his own goods, and give his own certificate of possession, borrowing upon that? These receipts were warehouse receipts undoubtedly, and the fraudulent issuing of them, or making away with the goods, would be equally an offence against the law. It thus came about that bankers in places where no professional warehouse-keepers were to be found became willing to advance money on this kind of document.

The law for some time, however, did not recognize them as conveying title in the same manner as the former documents did. But in time especial clauses were added to the Banking Act legalizing this class of receipts, but defining very strictly the kind of goods for which such certificates could be given. Strict provision was also made that the document should be handed to the banker at the time an advance was made, or that the banker should hold a written engagement from his customer to lodge such a document with him. In every other respect the provisions relating to the older classes of receipts were made applicable to these receipts.

It is evident, that these restrictions have in view the prevention of what might prove to be a great abuse, viz., that a dealer in imported or

* Continued from December number, page 928.

manufactured goods—such as dry goods, groceries, etc., should have it in his power, while such goods are still unpaid for, and without removing them from his shelves, to pledge them for advances, thus making it easy to deceive or defraud his creditors. These creditors, under such circumstances, would find that the stock in trade on which they relied for payment had been so pledged as to give a bank a title to it, thus creating a preference of a very inequitable kind. The Act therefore, very properly limited the class of goods that could be pledged by the owner's simple certificate to such articles of merchandise as are invariably bought for cash, viz., all kinds of agricultural and natural productions. There could then be no conflict of claim between one class of creditors and another.

These documents being thus legalized, gradually came to have, in the minds of inexperienced bankers, the same weight and consideration that attached to the certificates of a professional warehouseman. And in the consideration of the various classes of loans and discounts in their books they would describe these as "secured" and place them in the same category as advances secured by goods stored in a public warehouse or wharf.

But little consideration is required to show that there is a fundamental difference between them. The warehouse receipt, or dock warrant, properly so called, is the receipt of a person who has no interest in the goods except to take care of them, and deliver them in good order when called upon. This is his business. For this service he receives due remuneration, and his whole reputation and standing are involved in performing the duty well. He is practically, so far as the banker is concerned, in the position of a guarantor holding specific goods with which to meet his obligation. There is no inducement to him to give a certificate unless he has the goods; and every possible inducement to refuse to give them up except to the banker who holds his pledge.

These safeguards, however, are wholly wanting when a man borrows money on his own pledge. There is nothing, except a borrower's honor, to prevent his writing out a certificate before he has the goods in possession, or for a larger quantity than he actually has in store, or for goods of a higher brand than he has in stock. Even if a banker takes the precaution to have the goods examined, it is next to impossible for him to arrive at an accurate statement, either as to quantity or value. Then, as to the other point of safe custody and delivery, it is impossible to prevent the owner, when in possession, from taking the goods into the stock which is being manufactured, and selling and delivering the goods produced. Nay, it is not uncommon for a banker to give his consent to this, either in general terms or specifically, either verbally or in writing, so that an *understanding* is established, or supposed by the borrower to be established, such as can be pleaded in court against a charge of wrong-doing. From all which it is evident that the pledges of the owner of goods are not to be looked on in the light of an actual security. It does not make secure in the manner that intervention of a third party does. It amounts, in reality, only to an additional promise on the borrower's part. Having already written a promise to repay a certain sum of money on a certain day, he adds to it a promise to deliver certain goods on a certain day. It is only a promise added to a promise, both by the same person, and not an engagement by another person.

There is, however, this to be said, that while the pledge of a promisor is weak in not making sure that the goods pledged are actually where they are represented to be, it is a strong security when the goods are actually there, and the borrower becomes unable to pay his debts. They cannot be seized in judgment; and they do not pass to an assignee in case of insolvency. The law holds them strictly for the banker, until the debt secured by them is paid. But he must be able to prove, in case of dispute, that the debt attaches specifically to those goods. Neither a proper warehouse receipt nor a borrower's own pledge can attach *generally* to a debt due to a banker. A specific sum of money that can be so identified must be lent on certain specific goods that can be identified; otherwise the security will not hold.

There is, however, this safeguard; that a pledge of this character, if not bona fide, is subject to the same criminal penalties that attach to a document issued by a third party. If a man gives a banker a pledge on goods that do not exist, or are not what he represents them to be, he exposes himself to a criminal prosecution. And if, after giving a pledge on goods that actually exist, he removes the goods without the banker's consent or without accounting for them, he is equally guilty. Such is the law; and, to a certain extent, it is efficacious. But when a trader in exportable goods becomes pressed, as he sometimes may be unknown to his banker, the temptation is very great to raise money by the easy process of writing out a pledge. And a man, without any intention of ultimately defrauding, will avail himself of this relief, trusting that he may be able to redeem the pledge in course of business. Experience, moreover, has proved that is not easy to obtain conviction when prosecution is resorted to. Juries are unwilling to convict when a plea is entered that there was an *understanding* (that dangerous word) with the banker that goods might be removed in case they were needed for the borrower's business—as in the case of a miller who has pledged wheat in his own store and needs it to fill an order for flour.

The sum of the whole matter is this, that individual pledges have a real value with men of probity and honor, and also, that with men whose sense of honor is not high, the fear of punishment will ordinarily restrain them from issuing false pledges, or removing goods; but that this fear is not sufficient to restrain such men when heavily pressed for money. Further, that in either case, if the goods actually exist, and the security has been properly taken, the pledge will hold the goods for the banker in case of judgment or insolvency.

But no banker of experience will consider a debt absolutely secured by reason of his holding the borrower's pledge.†

Bailee Receipts.

In the case of all goods and merchandise pledged to a banker, the time comes when they must be removed; and, in modern business, the removal will be either to a ship or to a railroad. Now, during the process of removal it i simpossible that the security before mentioned will hold the goods. They must be released from the warehouseman's custody, and until they are loaded on board ship or placed in custody of a railway company, a hiatus necessarily arises in which there is no security to the banker at all, except what is generally known as a *"bailee receipt."* This is a document somewhat similar to the pledge which has been discussed, and is given by the owner of the goods during the time they are in transit. In this document the owner acknowledges to have received certain specified goods for shipment by rail or steamer, as may be; constituting himself a *bailee* for the same, and engaging to deliver them as directed. A breach of this engagement is a criminal offence. Upon the lodgment of such a bailment with the banker, the custom is to surrender the warehouse receipt, to be exchanged, after reasonable delay, for a steamship bill of lading—or a railway receipt. When a banker gets either of these, his anxiety is generally at an end, always supposing that the goods are worth what he has advanced and that the document is genuine.

Bills of Lading and Railway Receipts.

When the process previously described has issued in the shipment of goods by steamer, the captain or agent signs that important document called a Bill of Lading, making the ship and its owners responsible for safe carriage, and delivery of the goods. This document insures that the goods are on their way to a definite destination. The

†A common mistake with regard to the security of these documents has arisen when they have been taken from manufacturers, whose stock of raw materials is constantly being converted into manufactured goods. The raw material in the yard or warehouse today, is found next week in the factory, being replaced by other raw material of the same description, but not that upon which the money was lent.

It is sometimes supposed that a personal pledge can be given for a general stock, let us say, of iron in the yard, or wool in the warehouse, such as may be, at any time, found there. But this kind of pledge will not stand the test of a lawsuit or an assignment, unless it can be shown that the stock has not been changed since the pledge was given. The law does, however, provide that when wheat is changed into flour, logs into lumber, hides into leather, or dressed hogs into pork, the pledge shall attach to the manufactured article, if the same can be identified, which is sometimes a difficult business. But bankers have learned to take care, in lending money upon pledges of this kind, that the borrower shall have no other creditors. There is, too, a method of lending upon raw material, which is prevalent in the lumber trade, namely, that the logs are branded with a certain mark, by which they are identified as the goods that have been advanced upon.

owner of the goods, who has had them in his own charge, for a time, now draws upon a purchaser or consignee and attaches the bill of lading to the draft together with a document of insurance; the law giving the banker the same position now with regard to the goods that he previously had as the holder of a warehouse receipt. The goods on that ship are his, until the draft is paid, and the security to the banker on the transaction is as complete as a mortgage on real estate is to a money-lender. The one point a banker now has to think about is whether the goods are worth the amount drawn against them. This consideration, however, is dealt with in the chapter on trade bills, or bills drawn in sterling money.

Having thus considered the various points arising out of security by endorsement or guarantee, and also by security of goods, either in *situ* or *transitu,* it is in order to consider other forms of security met with in banking.

Of these some are met with in the active prosecution of business, while some come to a banker when additional security is demanded. The last will be treated of first.

In ordinary loans the customer offers security at the inception. In real estate it is the banker that *demands* it.

Securities Resting on Real Estate.

The banking law of Canada differs from that of Great Britain, in that it prohibits loans on real estate security. A banking transaction cannot be *initiated* by a mortgage on real property. Former disastrous experience led to this prohibition, and more recent experiences in Australia, of a much more distressing character, have shown the wisdom of adhering to it. One, at least, of the greater banks of Canada, after a long career of usefulness to the infant community, was finally forced to succumb owing to the fact of its resources having been engulfed, so to speak, by real estate transactions. In the days when this bank was doing its most active business, the loan and mortgage companies, now so common, were almost unknown. Only one company, an English one—"The Trust and Loan Company of Canada"—existed. It was impossible, however, for this one company to meet the needs of the vast stretch of country—then known as Upper Canada—and now called Ontario. It came naturally about, therefore, that as loans were required for clearing land, improving property, and building stores, mills and factories, recourse was had to the banks of the time; and to this one bank in particular. The true principles of sound banking were little understood in these early days. If a man was possessed of a piece of land, large or small, encumbered or unencumbered, he was considered to be an eligible customer. Many of the loans made were paid off in the course of events, but large numbers were not, and remained on the bank's books year after year. It thus came about that the mass of undigested and indigestible securities in the shape of promissory notes of real estate owners, many of whom were domiciled in the back woods of those days, went on constantly increasing, until the bank could carry them no longer, and fell buried, so to speak, under their ruins.‡

Yet, securities on real estate have their use to a banker who knows how to use them, and have saved many an account from degenerating into a bad debt. For although real property is a bad foundation for a banking loan, when it is the only foundation, it is a strong support to a mercantile account whose main security is of a commercial character. It enables a banker to nurse a customer through bad times with confidence when otherwise he would be obliged to allow him to succumb. This is so well understood in England that a lien upon a customer's property is considered one of a banker's strongest safeguards, and as the law allows a lien to be created by the simple deposit of title deeds with a memorandum describing the purpose, such a hold upon a customer's real property is very common. In Canada, however, no such custom exists. A banker's lien cannot be established without a regular mortgage, duly registered, and this must be *after* the inception of a loan, not at the time.

The term Real Estate, though definite enough in law, is so indefinite in fact that some bankers have almost prohibited the use of it in correspondence with their branches. When the manager of a country branch, for example, writing of a somewhat doubtful account, informs the board that it is secured by "real estate," he will certainly be asked for more definite information; and very properly, for real estate is of so varied a character that unless specific information is given, the word conveys no practical meaning, so far as actual security is concerned.

It is desirable then to consider real estate from a banking point of view, and to point out what property is desirable and valuable in that connection, and what is undesirable or worthless.

Real property in Canada may be classed under the following heads:

(1) Farms.

(2) Land capable of being made into farms.

(3) Stores or dwellings in towns, cities or villages.

(4) Vacant lots in towns, cities or villages.

(5) Factories, saw mills, tanneries, etc.

(6) Timbered lands, when owned as a freehold and used for lumbering.

(7) Mines.

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‡It seems hard to realize, and might be deemed incredible to one not familiar with the early history of the country, that the author was well acquainted with a resident of Toronto who remembered the time when the whole stretch of country between that city and Lake Huron was almost unbroken forest. Only three settlers had penetrated into its vast solitudes, fighting their way through bush and swamp and slowly making clearings, in a region entirely destitute of roads, bridges or dwellings;—then given up to bears, wolves, and Indians, but now full of prosperous towns and cities.

It was some time after this that the Bank of Upper Canada was established; but its early days were passed when forests covered most of Ontario and the towns and cities of the present day were mere hamlets.

Any one or more of these descriptions of real property may be offered to a banker as security for an existing debt, and it is certainly the business of a well-informed banker to make himself sufficiently acquainted with them all to be able to judge what value to attach to the security or if it has any practical value, present or prospective. An intelligent manager of a branch will certainly make himself acquainted with the conditions and value of farm and town property, in his district. And a general manager or president, will always be adding to his stock of information with regard to property in those parts of the country where the business of the bank is carried on.

When a banker is offered security on real property the first point to consider is what will be expected of him if he concludes to take it. In some cases a debt may be in such a doubtful position that a banker would take any security he could get (any security being better than none) not scrutinizing it very carefully except to obtain assurance that the taking of it involves no responsibility. But real estate is sometimes offered by a debtor who is in a comparatively good position, it being perfectly understood, though it is not formally expressed, that the banker in consideration of the security will be less exacting and more indulgent in his treatment of the account. And this he may be in various ways.

When security is taken under these circumstances, a banker will naturally, to begin with, arrive at an understanding of what value the property is as security; where situated, of what character, whether the debtor has a clear title to it, and whether it is clear of encumbrance. These last are both legal points, and upon them both only the bank's solicitor can give accurate information.

If the title is clouded, a banker will do wisely to refrain from taking security until it is cleared; otherwise, he may find himself made a party to a troublesome lawsuit. But if the property is desirable in itself, he will do well to insist on steps being taken to have the title cleared. This preliminary being arranged, the banker will next have to consider the question of encumbrance. If there is no encumbrance at all, the case will be simple. Whatever value there is in the property will accrue to the banker's benefit. But if there is an encumbrance, a banker's judgment and experience require to be called into play in dealing with it.

No sane man would ever *lend* money, as a matter of business, on encumbered property; or, at any rate, if he thought well to lend at all, he would lend enough to pay off the first mortgage. But it may be well worth a banker's while to *get security* for an existing debt on an encumbered property. Everything depends on the *amount* of the encumbrance. If that amount is not more than one-quarter the assumed, or assessed value of the property, the probability is that a second mortgage would yield him something. But if the encumbrance amounts to half the value of the property, the securitp of a second mortgage is problematical. The valuation may be too high; it generally is; or the interest of the first mortgage may have accumulated and rank as an addition to it. It has happened, in a banker's experience, that the unpaid interest has swallowed up all reversionary interest in a valuable property, making the second mortgage worth nothing.

There are other considerations also. Before anything can be recovered from a second mortgage a banker will find it necessary to pay off the first. He thus adds more to an alreadp existing debt. Yet, when property comes to be sold, the fact that a bank holds it has a depreciating tendency, as all experience proves. A banker, therefore, may have the mortification of finding that a property, when he has the whole benefit of it, will not yield him as much as he paid for the first mortgage; making it apparent that he would have been in a better position if he had never taken a second security at all. A banker, too, has to consider also that while he must disburse *cash* in paying off a first mortgage, it is almost an impossiblity to sell without accepting a mortgage for a large part of the purchase money. He thus finds that to the original debt, which was more or less of a lock-up, he has added another, which being in the shape of a mortgage, is practically, a lock-up also.

The question of encumbrances deserves especial care when the property is connected with a manufacturing business. If the business is unsuccessful, the property will depreciate by an amount that would seem incredible to any but one who has had experience.

It has sometimes happened to a banker to have the mortification of finding that, when he has paid off an encumbrance of only one-quarter of the estimated value of manufacturing property, the sale has not realized even half of this paltry sum.

The best form of real estate security, generally speaking, is that on shops and offices in one of the main streets of a commercial city. The very worst, as a rule, is a mill, a factory, or a tannery. A banker will find it prudent, as a rule, though he may take such a security, never so to rely upon it as to be more indulgent either as to time, rate, or amount than he would be had he no such security at all. And this more particularly if the property is encumbered, no matter how small the encumbrance may seem.

The securities that bankers may take in the active prosecution of their business are so fully opened up in the chapters on Loans that it is needless to refer to them again. The only additional remark needed is to state that a merchant, sometimes, instead of discounting a certain amount of trade bills will obtain an advance, pledging the bills as security. This may be a more economical process in case he only requires the loan for a shorter time than the bills, on an average, have to run.

G. H.,

Former Gen. Mgr. Merchants' Bank of Canada.

TRUST COMPANIES

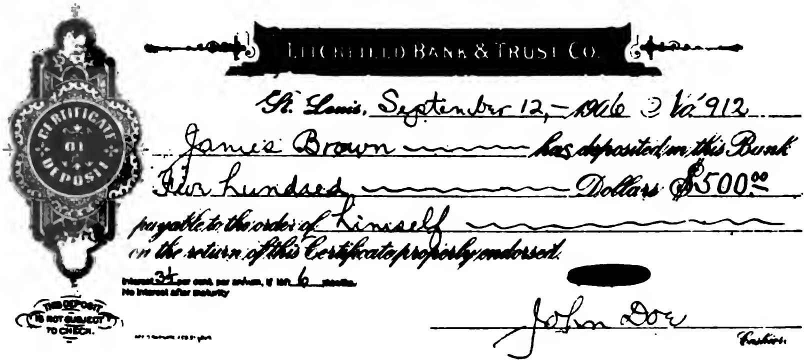
TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

FORMS AND RECORDS FOR THE BANKING DEPARTMENT.—*Continued.*

Certificates of Deposit.

TRUST companies are often called upon to issue certificates of deposit, which in certain cases are more convenient for the customer or the company, or both, than either a savings or a checking account. These certificates usually draw interest, and are not subject to check. A common form is shown in Figure 216. Interest ceases at maturity, and if the owner of the certificate does not wish the money and wishes interest to continue, he must get a new certificate. Some


LITCHFIELD BANK & TRUST CO.

Certificate of Deposit

St. Louis, September 12, 1906 No 912

James Brown has deposited in this Bank

Five hundred Dollars $500.00

payable to the order of himself

on the return of this Certificate properly endorsed.

Interest 3½ per cent. per annum, if left 6 months.
No Interest after maturity

This deposit is not subject to check.

John Doe
Cashier.

FIG. 216.—CERTIFICATE OF DEPOSIT.

companies issue special certificates of deposit which bear interest under certain conditions until paid, much like a savings account. Certificates are sometimes issued which do not draw interest; and some certificates are payable on demand, while others are payable on or after a certain date.

If the number of certificates issued is small, the record of their issue is often kept only on the certificate stubs and in the general ledger.

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

It is more common, however, to use a certificate of deposit register. A number of forms of this record are in use, varying in the amount of detail given. The simplest form contains columns for the number of the certificate, date of issue, payee, amount and date of payment. Figure 217 shows a longer form in common use. Figure 218 shows a form of register designed to keep the detail of the account so that the general ledger account need show only the total debits and credits for each day. Whatever form of register be used, the date of payment of each certificate should be promptly entered in the register.

Companies which are partial to the card form of records use cards for the registering of certificates of deposit and show in the general

Certificate of Deposit Register.

Date		Deposited By	Payable to the Order of	Number	Amount	Total	Time	Int. Rate	Amount of Interest	Date Paid
		Brought Forward,								
				00						
				01						
				02						
				03						
				04						
				05						
				06						
				07						
				08						
				09						
				10						
				11						

FIG. 217.—CERTIFICATE OF DEPOSIT REGISTER.

DR CERTIFICATE OF DEPOSIT REGISTER. CR.

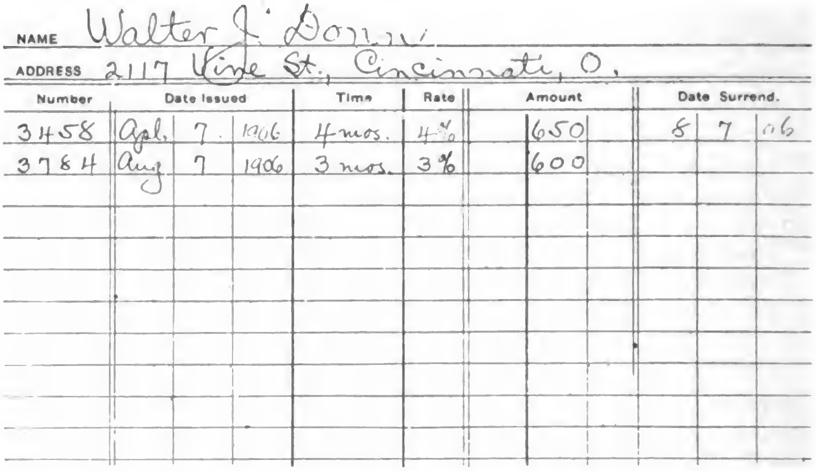
Date Mo.	Date Day	No.	Amount	Int.	Date Mo.	Date Day	To Whom Issued	No.	Amount	Total	When Paid	
Sept	4	1634	500	1.50	Sept	4	John Doe	2000	250		12/15/16	Payable to Mary Doe
						4	William Jones	01	500			
						4	Brown and Black	02	1000	1750		
								03				
								04				
								05				
								06				
								07				
								08				
								09				
								10				

FIG. 218.—CERTIFICATE OF DEPOSIT REGISTER.

journal or the general ledger, or both, the names and numbers of certificates issued and of certificates paid. Figure 219 shows such a card record. The interest record is kept on the back of the card, the headings of the columns being Number, Date, Amount and To, the latter heading referring to the date to which interest is paid. The cards are filed alphabetically according to the names of the payees.

Certified Checks.

Like banks, trust companies are often called upon to certify the checks of depositors, the amount of this work varying with the customs



NAME Walter J. Dorn
ADDRESS 2117 Vine St., Cincinnati, O.

Number	Date Issued			Time	Rate	Amount	Date Surrend.		
3458	Apl.	7	1906	4 mos.	4%	650	8	7	06
3784	Aug	7	1906	3 mos.	3%	600			

FIG. 219.—CARD RECORD OF CERTIFICATES OF DEPOSIT.

of different communities, and being greater in the large cities. The certification is usually done by the paying teller, but is often delegated to others. In some companies it is done only by an official, and in some cases this duty is performed by the bookkeeper in whose ledger is carried the account whose check is certified. A rubber stamp is generally used for certifying checks, although it is sufficient to write across the face of the check the word "certified," followed by the date and the signature of the person who certifies. Figure 220 shows a check certified by the use of a common form of rubber stamp. Other forms used are "Good when properly endorsed" and, "Accepted; payable through clearing-house;" the latter form recognizing the fact that the certification of the check is equivalent to the acceptance of a draft drawn upon the bank by its customer.

There are two general methods in vogue for keeping account of certified checks. One is by the use of a certified check register, a form

FIG. 220.—CERTIFIED CHECK.

of which is shown in Figure 221. The checks are entered on this register as they are certified, and at the close of the day the bookkeeper credits the certified check account with the total amount of checks certified during the day, each separate check being charged on the individual books against the account on which it is drawn. As his authority for such charges to the accounts, the individual bookkeeper receives from the teller who certifies a special debit slip such as is shown in Figure 222. When the checks come in for payment, they are charged on the certified check account, and the date of payment is entered in the last column of the register.

DATE		NUMBER	MAKER	TO WHOM PAYABLE	PRESENTED BY	AMOUNT	DAY TOTAL	WHEN PAID
Sept.	8	129	James M. Smith	Roe, Doe & Co.	Payee	1234 18		Sept 10 06
"	8	1237	Black & Brown	Arthur Fairchild	Third Nat.	5000		Sept. 9 06
"	8	366	W. B. Black	Star Trust Co.	Maker	684 35	6918 53	

FIG. 221.—CERTIFIED CHECK REGISTER.

Charge Acc't James M. Smith $1234.18

CERTIFIED CHECK to order of Roe, Doe and Co.

DATED Sept. 8, 1906 No. 129

Samuel R. Jones Teller

867 10-0-6

FIG. 222.—DEBIT SLIP FOR CHECK CERTIFIED.

The other method is to dispense with the use of the register, and to keep the detail of checks certified in a special ledger account, such as that shown in Figure 223, or that in Figure 224. In the account shown in Figure 223, both credits and debits are entered in chronological order as received by the bookkeeper, and a check mark is made before each credit item as its corresponding debit is entered, so that the unchecked credits show what certified checks are outstanding at any time. In the account shown in Figure 224, the credits are entered in chronological order, but the debits are entered opposite the original credit of each item, so that the outstanding checks are found by noting what credits have no debit entries opposite them.

Record of Expenses.

It is important that the expenses of a trust company be not only recorded as to the total, which is shown by the general ledger account, but that the distribution of the account for different kinds of expense be shown. For this purpose an expense voucher record, such as that shown in Figure 225, is useful. The left side of the record shows the detail of each voucher, while the remaining part shows the distribution

Certified Checks

1906				✓		✓		
Oct.	12				524 18		James R. Wilson #293	
"	12				200	✓	B. S. Wagleson #2937	
"	12				1000	✓	Black & White #474	1524 18
"	13	B. S. Wagleson #2937	200					
"	13	Black & White #474	1000					
"	13				414 40	✓	Ralph Z. Jones	
"	13				157 81		M. M. Reid #116	896 39
"	15	Ralph Z. Jones	414 40					481 99

FIG. 223.—CERTIFIED CHECKS LEDGER ACCOUNT.

according to different kinds of expense. In a large company having several departments, the distribution by departments is also shown. It is also useful to provide for credits to expense account, which may occur through errors, rebates, etc. Figure 226 shows the right page of a form used by a large company for these two purposes, Figure 225 being the left page of the same form. This record is of course based on the assumption that the voucher system for expense items is used, this practice being a growing one among the best companies.

Certified Checks

Date 1906		Memoranda	Debit	Date 1906		Memoranda	Credits	Balance
				Oct.	12	James R. Wilson #293	524 18	1524 18
Oct.	13	B. S. Wagleson #2937	200		12	B. S. Wagleson 2937	200	896 39
	13	Black and White #474	1000		12	Black & White 474	1000	481 99
	15	Ralph Z. Jones	414 40		13	Ralph Z. Jones	414 40	
					13	M. M. Reid 116	157 81	

FIG. 224.—CERTIFIED CHECKS LEDGER ACCOUNT.

Various methods of handling the company's payroll are in use. Some companies pay salaries by checks, the endorsements of which provide receipts from all employees. This method is open to the objection that the salary received by each employee becomes a matter of common knowledge, which is often undesirable. The method of paying in cash, and taking receipts on a pay-roll book in which the names of employees are written in alphabetical order for each pay-roll, is open to the same objection, though used by some companies. There are companies which

EXPENSE VOUCHER RECORD.

DATE 19..		VOUCHER No.	IN FAVOR OF	TOTAL	SALARIES	RENT	LIGHT & POWER	SUPPLIES	POSTAGE	EXPRESS	SUNDRY	ADV'G—PAPERS	ADV'G—SPECIAL
Aug.	31	1579	John Doe, Treas. Payroll	3528 42	3528 42								
Sept.	2	1580	Acme Printing Co. Supplies	35				35					
	2	158	Postmaster Stamps	100					100				
	2	1582	Brown & Co. St. car adv.	187 50									187 50

FIG. 225.—EXPENSE VOUCHER RECORD.

DEPARTMENT DISTRIBUTION. (EXPENSE RETURNABLE.) CREDIT EXPENSE.

BANKING DEPARTMENT	SAFE DEPOSIT DEPARTMENT	TRUST DEPT.—CORP.	TRUST DEPT.—ESTATES	INVESTMENT DEPARTMENT	GENERAL	BY WHOM PAID	AMOUNT	✓	CREDIT	EXPENSE	DEPARTMENT	DATE PAID
1722 08	210	812 50	282 50		401 34	Acme Ptg. Co. Overcharge bill 7/26/..	5		5	Supplies	Bkg.	Aug 4 '01
35												
80		2										
100	20	37 50	30									

FIG. 226.—ADDITIONAL RECORD FOR EXPENSE VOUCHERS.

do not consider it necessary to take receipts for salaries. The most satisfactory method seems to be to pay in cash, and take receipts in an ordinary journal-ruled book, in which a separate page is devoted to each employee. The book should have an index—preferably a marginal index. At the top of each page are written or printed some such words as these:—"Received from The Blank Trust Company the amounts set opposite my several signatures below, in full payment of my salary to the dates shown." On each line is written the date of the pay-day,

The Security Trust Co PAY ROLL SLIP

DATE Sept. 12, 1906

NAME Black and Brown

CURRENCY		
TWENTIES	$ 1000	
TENS	1500	
FIVES	800	
ONES AND TWOS	276	
COIN		
DOLLARS		
HALVES	81	
QUARTERS	47	
DIMES	16	50
NICKELS	5	15
PENNIES		81
TOTAL	$ 3726	46

FIG. 227.—PAYROLL SLIP.

and the amount due the employee to such date. It is a convenience to have the pages numbered, and in getting the pay-roll ready for the paying teller, the disbursing officer writes on pay-roll envelopes the page number and the amount due. After the teller has placed in each envelope the amount of cash called for on its face, the disbursing officer may, if he chooses, turn to the pages indicated and write on each envelope the name of the person who is to receive it. This method saves the trouble of preparing for the teller a list of the amounts of each denomination of currency or coin needed for the pay-roll. The disbursing officer simply hands to the paying teller a voucher for the total amount of cash needed, with the envelopes showing the separate amounts.

For customers who wish cash prepared for their pay-rolls, a pay-roll slip like that shown in Figure 227 is provided, on which is shown the amount of each denomination wanted.

Records of the Supply Department.

An important part of the work of a trust company is that of looking after the supplies of various kinds—records, forms, pens, ink, etc. In the large companies a good many thousands of dollars are expended for such things each year, and a regular department is organized to care

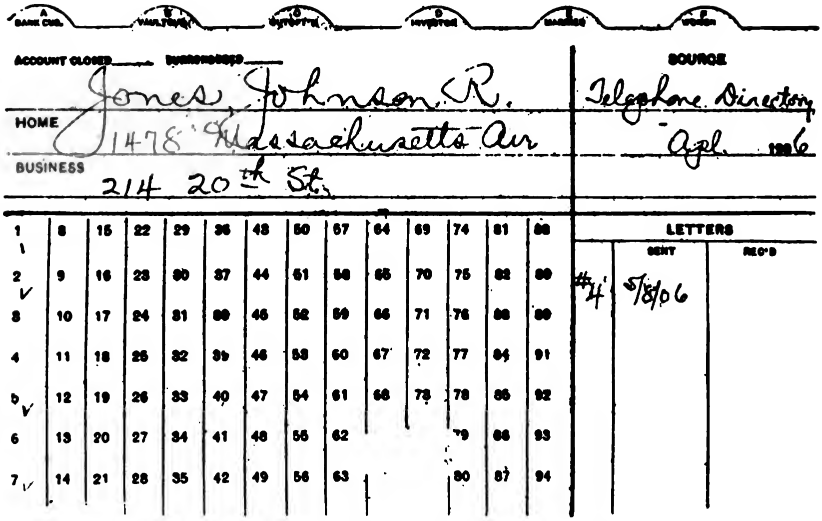
Debit Tickets — SAMPLE 97 — FORM No. B 214 — SIZE 8 x 3½

DISTRIBUTION B L · S D · T-O · T-E · I · G

TO STOCK Date	Bought of	Pkg's	Each	Quantity	Per M	Cost	FROM STOCK Date	To	Quantity	Charged	BALANCE On Hand
9/1/04	X Ptg. Co.	10	1M	10 M	70¢	7.00	9/29/04	J. R. C.	200		9800
							10/5/04	M. T. J.	500		9300

FIG. 228.—RECORD OF SUPPLIES.

for the work. It is necessary to have a sufficient supply of each article always on hand, to buy in quantities that will insure good rates; and yet to avoid loading the expense account for any one year with the cost of supplies for several years ahead. In a small company the problem is comparatively simple, and occasional inventories under the direction of a watchful official are all that is needed. Large companies with several departments require a careful system. The buying is generally done by one of the junior officers, who has charge of the department. Each new form as ordered is given a form number, by which it is thereafter known. When supplies are received from the printer by the supply clerk, he makes a record of same on the left side of the card form shown in Figure 228. The date of receipt, the party from whom pur-


ACCOUNT CLOSED ______

Jones, Johnson R.

HOME 1478 Massachusetts Av

BUSINESS 214 20th St.

SOURCE

Telephone Directory Apl. 1906

1	8	15	22	29	36	43	50	57	64	69	74	81	88
2	9	16	23	30	37	44	51	58	65	70	75	82	89
3	10	17	24	31	38	45	52	59	66	71	76	83	90
4	11	18	25	32	39	46	53	60	67	72	77	84	91
5	12	19	26	33	40	47	54	61	68	73	78	85	92
6	13	20	27	34	41	48	55	62			79	86	93
7	14	21	28	35	42	49	56	63			80	87	94

LETTERS

	SENT	REC'D
#4	5/8/06	

FIG. 229.—CARD FOR ADVERTISING LIST.

chased, the quantity and the price are shown. These cards are filed in a case, in which sections are set off by index cards for forms of each department and for general forms; and the cards are arranged alphabetically in each section. Supplies are delivered to the various workers only on written requisitions; and from these requisitions record of the withdrawal of supplies is made on the record card, Figure 228, on the right side under the heading "From stock." The amount of the supply remaining is shown in the "On hand" column. The records thus show at all times the amount on hand of any given article. They also furnish a basis for estimating the necessary size of orders for the next year. Scrap-books are kept in which are pasted two copies of each new form as issued. The number 97 after the word "sample" at the top of Figure 228 refers to the page in the scrap-book on which samples of the form are pasted.

Records of the Advertising Department.

The advertising department keeps scrap-books in which are preserved copies of all newspaper or magazine advertisements used, and either scrap-books or files for the keeping of samples of statements, booklets, circular or form letters, etc. Names for the advertising lists are most conveniently kept on cards, which are filed in cases. The cards may be all arranged alphabetically, or may be separated into groups and be arranged alphabetically under each group. Figure 229 shows a card record designed to permit the filing of all the cards alphabetically and at the same time preserve the grouping of the names into different classes. The groups are designated by the tabs at the top of the card, all of these tabs being cut off except the ones wanted for each card. It is then easy by glancing at the tabs to pick out from the card list any particular group of names that may be wanted for the advertising matter that is to be mailed. The consecutive numbers at the bottom of the card refer to the advertising matter sent to the person named on the card, the scrap-books or diaries showing what was included, for instance. in advertising matter No. 5. When the matter is mailed, either a check mark or the date is inserted in the little square which shows the corresponding number. The provision for 94 numbers on the card does not mean that so many advertisements are apt to be sent to each "prospect;" but a given one may receive Nos. 1, 2, 5, 7, 26, etc. Provision is made at the right of the card for a record of letters sent to or received from the "prospect," and other memoranda may be made on the back of the card. In addition to the general advertising list special lists are often kept, as circumstances may dictate. A diary should be kept to record the advertising matter sent out. From time to time statistics are compiled to show what results can be traced to particular kinds of advertising. These statistics can be only approximate, but nevertheless serve a useful purpose. To prepare for such statistics, it is necessary for the banking, savings and other departments to keep a record, so far as possible, of the sources of new accounts.

(To be continued.)

NEW YORK CITY TRUST CO.'S ASSOCIATION ANNUAL MEETING.

AT the recent annual meeting of the Trust Companies' Association in New York City, the following officers were chosen:

President, John E. Borne, president Colonial Trust Company, New York; Vice-Presidents, Otto T. Bannard, president N. Y. Trust Company, New York; Julian D. Fairchild, president Kings County Trust Company, Brooklyn; Seymour Van Santvoord, president Security Trust Company, Troy; Executive Committee (to fill vacancies), Oakleigh Thorne, president Trust Company of America, New York; Grange Sard, president Union Trust Company, Albany; E. O. McNair, president Commonwealth Trust Company, Buffalo; Charles J. Knapp, president Binghamton Trust Company, Binghamton; Lewis P. Ross, president Fidelity Trust Company, Rochester. The other members of the executive committee are: Oscar L. Gubelman, vice-president Guaranty Trust Company, New York; Theodore F. Miller, president Brooklyn Trust Company, Brooklyn; George H. Southard, president Franklin Trust Company, Brooklyn; George W. Young, chairman Board of Directors U. S. Mortgage and Trust Company.

Edward Johnson, president People's Trust Company, Brooklyn, was re-elected treasurer, and Philip S. Babcock, vice-president Colonial Trust Company, was re-elected secretary.

After the adjournment of the meeting the members present were entertained at luncheon as the guests of Mr. Borne, president of the association.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BANKS AND BANKING—TRUST COMPANIES—POWER TO PURCHASE OWN STOCK—LIMITATIONS—GUARANTY —NATIONAL BANKS—VIOLATION OF STATUTES— CONTRACTS — ILLEGALITY — PARTIES IN PARI DELICTO.

MARYLAND TRUST COMPANY VS. NATIONAL MECHANICS' BANK.

Court of Appeals of Maryland, January 11, 1906.

In a highly important decision, involving a large amount of money, the Court of Appeals of Maryland in the case of Maryland Trust Company vs. National Mechanics' Bank and Solter et al. vs. same, held that where a bank, at the instance of a trust company, bought shares of the latter's stock without debiting the company on the bank books, taking for the amounts expended the notes of employees of the company guaranteed by the latter, it was not liable primarily for the money used in the purchase of the stock, but was liable only as a guarantor. It further held that the Government alone could take advantage of a violation of Revised Statutes, U. S., section 5200, U. S. Comp. Statutes, 1901, p. 3494, prohibiting a national bank from loaning more than ten per cent. of its capital stock to any one person or corporation.

The circumstances were these: Though it had no right to purchase its own shares, the trust company arranged with the bank to furnish money for the purchase of a large amount of stock by brokers for the benefit of the company, and in order to deceive the public as to the value and desirability of the stock. The bank paid out $285,763.48 for 1,311 shares. The company was solvent at the time. Subsequently it went into the hands of a receiver. The bank sought to have the amount repaid out of the assets of the trust company in the hands of the receiver. Circuit Court No. 2, of Baltimore City, directed the receiver to satisfy the claim of the bank. Objection to the allowance of the claim was made by the company and certain stockholders. Both appealed. The appellate court reversed the order, holding that the arrangement between the bank and the company was illegal and contrary to public policy, and that the bank, having knowledge of the illegal purpose, was not entitled to recover the money.

McSherry, *C. J.*: By an act of the General Assembly of Maryland approved on March 29, 1894, being chapter 164, p. 215, of the Acts of the January Session of that year, the Maryland Trust Company was incorporated. It was duly organized and began business under and pursuant to its charter. In March, 1901, a merger of the Guardian Trust Company in the Maryland Trust Company was proposed, and its accomplishment was undertaken by Mr. John B. Ramsay, for a consideration of $100,000 to be paid to him by the Maryland Trust Company. The basis upon which the merger was to be effected was the exchange of two shares of Guardian Trust Company stock for one share of Maryland Trust Company stock; that ratio being adopted because it was considered that one share of the last-named company's stock was worth as much as two shares of the Guardian Trust Company's stock. In a short while Mr. Ramsay secured at least sixty per cent. of the Guardian Trust Company's shares for exchange under the merger agreement and was paid his stipulated fee of $100,000. There were, however, left outstanding quite a number, approximately 4,000, of Guardian Trust shares, the owners whereof seemed indisposed to go into the merger scheme because they believed the value of the Maryland Trust Company shares was not equal to double the value of the Guardian shares; and this belief had its origin in the fact that the market values of the respective shares did not show a ratio of two to one.

A further disturbing element made its appearance on March 28 in the shape of an offer by Hambleton & Co., published in the Sun of that day to pay $110 a share for the Guardian Trust stock, provided a majority of the stock of that company was deposited with them by the 1st of April, 1901. On March 28, Maryland Trust Company stock was selling at $205 a share, though three days before it brought $214 per share, The officers of the Maryland Trust Company were anxious to get in all the shares of the Guardian Trust Company, and when the "obstacle" and "hitch in the deal," occasioned by the want of parity in the market value of the two stocks and the depression in the Maryland shares confronted them, they applied to Mr. Ramsay (whose contract to secure a majority of the Guardian Trust Company's stock had then been executed and completed) with a view of procuring aid to buy and carry the amount of Maryland Trust stock necessary to overcome the raid being made by Hambleton & Co. "We approached Mr. Ramsay on the matter," so Mr. Scott testified, "and he was perfectly willing to do as we suggested, and, in fact, thought it a very wise proceeding, but said that he could not lend the Maryland Trust Company enough money to buy the stock and the obligations would have to be given in somebody else's name, with the Maryland Trust Company as guarantor." At that time Mr. Ramsay was, and still is, the president of the National Mechanics' Bank, and when the application was made to him to buy and carry the Maryland Trust Company's stock, so as, by that means, to raise and maintain the apparent market price thereof in order thereby to influence the outstanding holders of the Guardian Trust Company's stock to part with their shares on the basis fixed in the merger agreement, he was approached, not individually, but as the representative of the bank, and the transactions which immediately ensued brought the Mechanics' National Bank into the negotiations for the first time.

As soon as the proposal to go upon the stock market and buy shares of the Maryland Trust Company for the Maryland Trust Company for the purpose indicated was suggested to and approved of by Mr. Ramsay, he proceeded to carry out the plan through a broker with whom he had been formerly associated as partner and also through other firms of brokers. As the stock of the Maryland Trust Company was bought, the bills in most instances were made out in the name of the Mechanics' Bank as purchaser, and upon presentation of the bills to the bank, accompanied by the shares, transferred in blank, they were paid generally, if not invariably, by checks of the bank's cashier. The shares were treated as cash items until a considerable amount expended in their purchase had accumulated, and then a receipt, to escape the payment of the revenue tax, subsequently changed to a note of, and signed by, some employe of the Maryland Trust Company, was given to the bank for that amount. and was guaranteed by the Maryland Trust Company, and the shares of stock so purchased were pledged, at the market value paid for them, as collateral security. This process was repeated and carried on until the bank had paid out for 1,811 shares of the Maryland Trust Company's stock sums which, with interest added, now aggregated $285,763.48. This is the claim which the bank now seeks to have repaid out of the assets of the Maryland Trust Company in the hands of its receiver. There is no doubt that the trust company was entirely solvent when these transactions took place; but, from other causes, it was placed in the hands of a receiver in October, 1903. The company itself and its stockholders resist the payment of this claim upon several grounds, the more important whereof are the only ones we need consider or determine.

The form in which the transactions with the bank were couched excluded on its face the theory that the trust company was primarily liable to repay the bank the sums advanced by the latter for the purchase in the open market of the stock of the former, because the receipts, later on replaced by the notes, given to the bank for the amounts so advanced, were the promissory notes, not of the trust company, but of three employees of the trust company, and the liability of that company on those notes was the liability of a guarantor, and therefore purely a secondary obligation. The books of the bank do not show an entry of any kind indicating that the trust company was an original debtor to the bank on account of these advances. The form in which these dealings were thus put was adopted with the distinct and avowed view of avoiding an open and apparent infraction of section 5200 of the Revised Statutes of the United States, [U. S. Comp. St. 1901, p. 3494], which prohibits a national bank from lending to any person, company, corporation or firm more than 10 per cent. of the bank's capital.

But, waiving these preliminary objections and treating the trust company as the primary debtor to the bank, it is settled by repeated decisions of the Supreme Court that no one except the Government itself can take advantage of a violation of section 5200 (Union Mining Co. vs. Rocky Mt. Bk., 96 U. S. 640, 24 L. Ed. 648), and we are then brought to a consideration of the more serious and substantial difficulties which confront the bank in its efforts to get reimbursement for these advances from the assets of the trust company.

The trust company and its stockholders resist the demand of the bank on the ground that the contract entered into between Mr. Ramsay, in behalf of the bank, and the officers of the trust company, in behalf of that institution, is both illegal and ultra vires; and it is insisted that the contract is illegal and ultra vires, first, because it contemplated and provided for a "rigging" of the stock market; secondly, because the purchase for the trust company of the shares bought pursuant to the terms of the contract withdrew from its creditors and depositors and the remaining shareholders the protection afforded by the double liability imposed upon the owners of its stock by the express provisions of its charter, and illegally reduced the amount of the caiptal stock; thirdly, because the executive committee, if it even did direct the officers of the trust company to enter into the contract—which is denied—had no power or authority to give such direction; fourthly, because, treating the advances as direct loans by the bank to the trust company, the lender made it a part of the contract of lending and borrowing, that the money so lent should be used for the illegal purpose of a purchase by the trust company of its own capital stock, and therefore the bank participated in the illegal design and its execution, and actually itself applied the money towards the accomplishment of that purpose.

Ultra vires and illegality represent totally different ideas. Ultra vires contracts are, strictly speaking, only those which are defective solely because they are beyond the power of the corporation, when they involve some adventure or undertaking not within the scope of the charter, which is the rule of its corporate action. If the contract is illegal, as in violation of established principles of public policy, it cannot, of course, be enforced; and the like result will follow if the contract is repugnant to the Code.

We have had occasion, quite recently, in the case of Western Maryland Railroad Company vs. Blue Ridge Hotel Company (decided in December, 1905), 62 Atl. 351, to go into a consideration of the doctrine of ultra vires, and to point out, in an elaborate and carefully prepared judgment delivered by Judge Pearce, the limitations upon the qualifications of that doctrine as affected by the circumstance that a contract is executory, and not an executed one, and we need not now repeat what was there so well and lucidly stated.

If the contract we are dealing with in this case is open to the objection of being both ultra vires and illegal, the discussion will be greatly abbreviated by omitting all reference to the ultra vires feature as a distinct ground of invalidity, and by confining ourselves to a consideration of the alleged illegality. The discussion will be shortened by putting aside the mere ultra vires character of the contract, because a contract simply ultra vires is not necessarily unenforceable. It may be enforced under certain conditions; and hence, before it can be stricken down on that ground alone, all the conditions under which it may be upheld must be eliminated, and to exclude them all would involve a prolonged examination and analysis of numerous facts and a minute application of many legal principles, none of which need be alluded to at all, if the contract is void by reason of its illegality. In the view we take of the case we will not be required to consider separately the first four grounds mentioned above, because, if the contract upon which the bank relies to support its claim is illegal for or on account of any of the other reasons assigned, it cannot be enforced, and there will be no occasion to discuss the feature concerning "rigging the market." The second and fourth grounds, being closely akin and to some extent interwoven with each other, will be treated together. The contract, though heretofore outlined, must now be somewhat more particularly stated, so that the relevancy of the comments which will be made upon it may be apparent. Put in the simplest and plainest form, the contract provided that the bank was to furnish the money necessary to enable the Maryland Trust Company to have its own stock purchased on the stock exchange through agents who would not disclose the fact that they were buying for the trust company, in order to create the impression upon the public, and particularly in the minds of the holders of the minority of the Guardian stock, who had indicated an unwillingness to exchange their shares for Maryland Trust stock, that there was a demand for the Maryland Trust stock in excess of what the real demand was, and thereby to bring the Guardian stockholders in, and to hold the market against the anticipated Hambleton raid. The further effect of the contract was to reduce, by the number of shares purchased under it, the capital stock of the Maryland Trust Company, and to withdraw from its creditors and depositors and the remaining shareholders the protection of the double liability clause of the statute, to the extent of over $260,000. Can such a contract be enforced? Assuming, now, that the Maryland Trust Company authorized that contract to be entered into, is it a legal contract?

Obviously it was, as to part of its subject-matter, a contract to do something which was calculated to mislead the public, and especially to induce the minority shareholders of the Guardian Trust Company (who had not gone into the merger because of the inequality in the market value of the shares of the two companies, at the ratio of the proposed exchange) to believe that there was a demand for the Maryland Trust stock at a price nearly equal to twice the value of the Guardian stock, whereby those minority shareholders would be influenced, and undoubtedly were prevailed on, to surrender their shares in exchange for Maryland Trust shares, which have now turned out to be much less valuable. As to the rest of its subject-matter, it was a contract which in its performance caused a reduction of the capital stock of the Maryland Trust Company in an illegal way, and destroyed pro tanto the double liability imposed upon the company's shareholders by the law of the company's being. In these latter particulars the contract was an illegal one. Whilst the gentlemen who were concerned in this transaction never dreamed for a moment that they were engaged in an undertaking which was unlawful, because in the teeth of a general statute and plainly subversive of a sound and virile public policy as herein later on pointed out, and whilst a purpose to do wrong was never in the most remote way contemplated by any of them, still men are held by the law generally to have intended the natural, and always to have intended the necessary, immediate, and inevitable, consequences of their voluntary acts, and however innocent their motives may have been, they must be treated, when their conduct and contracts are being dealt with in such proceedings as the one before us, precisely as though they designed to accomplish the results which necessarily, immediately, and inevitably flowed from what they deliberately did, pursuant to a contract to do the thing so done. A corrupt intent is not necessary. It is common knowledge that fictitious values are given to investment securities by the method resorted to in this instance, but the prevalence of the method does not sanction its employment, nor alter its impropriety, though perhaps it may account for the adoption of such an expedient by persons who would, but for its general use, be the least apt to have recourse to it.

The discussion which we now approach involves the following inquiries: Was the reduction of the Maryland Trust Company's capital stock by the purchase for it of its own shares, under the contract alluded to, lawful? And was the extinguishment by that method of the stockholders' liability, to the extent of the responsibility represented by the purchased shares, consonant with a sound, healthy public policy? The code of Public General Laws in article 23, §§ 82-87, both inclusive, makes distinct and minute provisions relative to the method to be followed when the amount of the capital stock of a corporation is to be diminished. The fact that the Legislature has prescribed a particular mode to be pursued for the accomplishment of such a result necessarily excludes the right to resort to any other or different method. Those sections enact that public notice, published for at least four successive weeks, must be given that a meeting of the shareholders will be held to determine whether the capital shall be diminished, and that, if the shareholders owning at least two-thirds of the whole stock shall at such meeting decide to reduce the amount of the capital, a certificate in due form shall be made out, sworn to, and recorded where the principal office of the corporation is located. That is the only lawful way in which the amount of the capital stock could be diminished. Did the purchase by the bank for the trust company of 1311 shares of the latter's capital stock constitute an unauthorized—that is, an illegal—reduction of the stock to the extent of the shares so purchased? That inquiry is satisfactorily answered by Mr. Morawetz, in section 112 (2d Ed.) of his work on Corporations, in these words:

"A purchase by a corporation of shares of its own stock, in effect, amounts to a withdrawal of the shareholder whose shares are purchased from membership in the company and a repayment of his proportionate share of the company's assets. There is no substitution of membership under these circumstances, as in case of a purchase and transfer of shares to a third person; but the members of the company and the amount of its capital are actually diminished. Whatever a transaction of this character may be called in legal phraseology, it is clear that it really involves an alteration of the company's constitution, just as the withdrawal of a member of a copartnership, with his proportionate share of the joint funds, involves an alteration of the constitution of a copartnership. The amount of the company's assets and the number of its shareholders are diminished, every continuing shareholder is injured by the reduction of the fund contributed for the common venture, and the creditors, who have trusted the company upon the security of the capital originally subscribed or who are entitled to expect that amount of security, are entitled to complain. It is no answer to say that shares having a market value must be regarded like any other personal property, and that no person is injured if a solvent corporation in good faith purchases shares in itself at their market value, inasmuch as the shares so purchased are property in the hands of the company, and may at any time be resold or sold. No verbiage can disguise the fact that a purchase by a corporation of shares in itself really amounts to a reduction of the company's assets, and that the shares purchased do in fact remain extinguished, at least until the reissue has taken place. The fact that such a transaction may not necessarily be injurious to any person is not sufficient reason for supporting it. It is contrary to the fundamental agreement of the shareholders, and is condemned by the plainest dictates of sound policy. To allow the directors to exercise such a power would be a fruitful source of unfairness, mismanagement, and corruption. It is for these reasons that a shareholder cannot be allowed to withdraw from the corporation with his proportionate amount of capital, either by a release and cancellation before the shares have been paid up or by a purchase of the shares with the company's funds."

The questions we are now considering have not been directly decided in Maryland, and we may, therefore, be justified in citing somewhat at length from adjudications in other jurisdictions on this subject.

It seems perfectly manifest that a corporation, by the purchase of its own shares, in the absence of legislative authority permitting that to be done, diminishes its capital to the extent of the shares so purchased, and this, too, although the purchase was intended to serve only a temporary purpose, save in the instance where the stock is bought to secure the payment of an antecedent debt. If such purchases effect a reduction of the stock, then, as that method of reducing the stock is not the method provided by the Code, it must of necessity be an unlawful method, and a contract entered into with a view of carrying out an unlawful method is a contract to do an unlawful thing, and consequently is an unlawful contract. Under such circumstances a plaintiff must look elsewhere than to a court of justice for such assistance as he may require. If a corporation be incompetent to release subscribers to its capital stock whose subscriptions have not been paid, it is equally without authority to expend the fund represented by the capital stock, to purchase shares held by a stockholder who has paid for them. * * * Now, it is definitely settled in Maryland that a corporation has no authority to release subscribers to its capital stock from paying the amount due by them therefor.

Upon two grounds, the purchase by the Mechanics' Bank for the Maryland Trust Company of the 1311 shares of the latter's capital stock was illegal. And those two grounds are: First, that the method of thus reducing the capital is at variance with the only method which the Code permits; and, secondly, that the right to buy in paid-up shares does not obtain where the authority to release a subscriber from paying the uncalled up installments does not exist, or where there is a statutory liability attached to the stock.

There is a line of cases not in accord with the English doctrine and the rule announced in the American decisions to which we have alluded, and upon that line of cases the bank relies to sustain the legality of the stock purchase transaction. It will not be possible to review, within reasonable limits, all of those cases. They do not appear to us to rest upon either a sound or a conservative basis. Some of them are founded on the assumption that a corporation has the right to cancel a stock subscription, or to cancel notes given for shares upon surrender of the certificates. But that postulate is directly and specifically antagonistic to the ruling of this court in Rider vs. Morrison; and we agree with Mr. Morawetz that, if the decisions which maintain the right of a corporation to purchase its own shares are carried to their logical results, it is apparent that a corporation may at any time, by an easy process, be made to shrink away and finally vanish into nothing. It would only be necessary to "purchase" shares from its stockholders; and in the end, after the last stockholder had "sold" his own shares to the company and withdrawn with the proceeds, nothing material would remain to attest the former existence of the corporation except an empty treasury and canceled stock certificates. (Mor. on Corp. § 113.)

In these days of "frenzied finance" and, in many instances, of reckless corporate management, it is not, or at least, ought not to be, the policy of the law of Maryland to relax the rigidity of the English rule which holds the corporations, with a firm grasp, strictly within the limits of their chartered powers, and does not falter in its condemnation of the traffic in and the purchase of a corporation's own shares by the corporation. It is infinitely better that a corporation which aids another corporation in the latter's efforts to traffic in its own shares or to reduce the amount of its capital by the purchase of its own stock should suffer the loss of the money loaned for the accomplishment of those purposes than that, by allowing the lending corporation to recover the funds so advanced, a judicial precedent should be set for the encouragement of such unlawful ventures. But none of the cases relied on by the bank, so far as we have been able to discover, go to the length contended for by the appellee here. We have been referred to no case, and amongst the numerous ones examined we have found none, where the purchase by a corporation of its own stock was declared to be valid if the charter of that corporation or the organic law of the state or the statutes which controlled it imposed upon its shareholders an additional liability in favor of creditors beyond the amount invested in the stock, or where the enforcement of the contract of purchase would result in securing to the shareholders whose stock the corporation had purchased a higher price for their shares than could be realized by the remaining stockholders from the assets of the concern. After paying creditors in full, the assets in the hands of a receiver belong to the shareholders, and if the corporation should, even when solvent and before going into liquidation, buy up some of its own shares at an exaggerated price for any purpose, it might so purchase them in order to get rid of troublesome holders thereof; and thus the capital of the concern might be diverted from its legitimate channel and be used for the benefit of recalcitrant or cantankerous members, to the detriment of the confiding shareholders. This would be a fraud upon the latter, and would be, perhaps, difficult to unmask; but it could never be perpetuated if the corporation is denied the right to purchase its own shares, except to secure the payment of an antecedent debt.

We come now to the inquiry concerning the bank's knowledge of and participation in what we have said was the illegal act of the trust company in the purchase of its own shares through the bank on the stock exchange. As corporations from their nature can never act except through the instrumentality of agents, and can never be acted upon except through the instrumentality of their agents or their property, the general rule that notice of a fact acquired by an agent while transacting the business of his principal is notice to the principal applies with peculiar force to corporations. "In other words, a corporation from its nature can in a strict sense have only constructive notice or knowledge of facts." The most comprehensive rule with reference to this subject which can be stated is that notice communicated to, or knowledge acquired by, the officers or agents of corporations when acting in their official capacity or within the scope of their agency, becomes notice to or knowledge of the corporation for all judicial purposes." (18 Cyc. 399, 400.)

There can be no doubt that Mr. Ramsay, the president of the National Mechanics' Bank, knew fully and in detail the entire transaction, and that he acquired that knowledge, not whilst acting for himself not adversely to the interests of the bank, but directly and specifically whilst acting for and in behalf of the bank. The knowledge thus acquired by Mr. Ramsay to the effect that the money to be advanced by the bank was to be used for the purchase of the Maryland Trust Company's shares was notice to the bank, and charged that institution with knowing exactly what Mr. Ramsay knew in this respect. But, even if there were room to debate this proposition, it is clearly and conclusively shown by the testimony of Mr. Ramsay himself that the directors of the bank were fully cognizant that the money of the bank was being advanced to enable the trust company to buy up its own shares in the open market; and they were bound to know the provisions of that company's charter with respect to the double liability imposed upon the company's shareholders. We quote from the testimony given by Mr. Ramsay as follows: "Q. You said: 'I paid for the stock.' You meant that the bank paid for the stock, did you not? A. Yes, sir; the bank paid for the stock. Q. By whose authority did the bank pay for that stock? A. The transaction was known to our entire board of directors. Q. How was it known to the directors. Who called their attention to it? A. I called their attention to it. * * * Q. Did the board of directors authorize the investment of $280,000 of the bank's money in this stock of the Maryland Trust Company? A. They did not authorize the advance, but they approved them. As the transactions were made they were reported and approved."

Only one of the directors of the bank was called to the witness stand to break the force of this evidence, and he merely testified that he "never had any knowledge for what purpose the Maryland Trust Company was buying its stock," though he knew that the bank was lending the money to the trust company "for the purpose of enabling it to buy its stock."

It is needless to cite cases with a view of showing that under these circumstances the bank was fully apprised of the fact that the trust company was engaged in buying its own shares and thereby reducing its capital in a way and by a method contrary to the provisions of the Code, and therefore unlawfully; and that consequently the bank was consciously lending its funds to the extent of nearly one-third its capital for the purpose of enabling the trust company to violate the statute law of the state, or else to assist it in trafficking in its own shares. Having embarked with the trust company in such an illicit enterprise, it must not be surprised if a court of equity declines to impose or to fasten upon the trust company a liability to repay the money, especially as the shares purchased therewith have never been delivered to the trust company and have never even been scheduled in a list of its assets or investments. It is, generally speaking, true that a lender of money is not concerned with the purpose for which the borrower secures it; but when he does know, and is apprised that it is being borrowed for an illegal use, the situation is altered, and he becomes implicated as a participant in the unlawful transaction in furtherance of which the fund is used.

A contract which is violative of some rule of public policy is illegal, and is aptly described as a contract of "evil tendency." The principle of the law which holds that no one can lawfully contract to do that which has tendency to be injurious to the public or against the public good is well settled, and may be termed the policy of the law, or public policy in relation to the administration of the law. It is the evil tendency of the contract, and not its actual result, which is the test of its illegality.

Now, the contract which furnishes the basis of the bank's claim presents a twofold evil tendency. The one, a misleading of the public, and particularly the outstanding shareholders of the Guardian Trust Company, to believe, contrary to the fact, that there was an actual and bona fide demand in the market for the Maryland Trust Company's shares, when the apparent demand was not only not real, but was created in the execution of the contract expressly for the purpose of forcing the minority stockholders of the Guardian Trust Company into the merger deal; the other, a direct violation of the statute respecting the reduction of the Maryland's capital stock. In the first there was included in its accomplishment a misapplication of the funds of the Maryland Trust Company to produce a fictitious value on the stock exchange; and in the second there was involved a plain disregard of the provisions of the Code. Surely a contract with such tendencies is in derogation of the public good and has direct drift towards undermining that sense of security for individual rights of private property which every citizen ought to feel. It has, besides, an equally obvious tendency to encourage fiduciary officers of a company to use for improper purposes the funds confided to their care for wholly different and legitimate projects. Its proclivity is demoralizing and its direct influence is to relax that high regard for honest straightforwardness and rectitude which ought to mark every business undertaking. It holds out temptations to resort to specious and colorable devices with a view to secure results which frankness and openness, by revealing the truth, would defeat; and it lowers the moral tone of a community by substituting craftiness for candor as a factor in financial transactions. In a word, to borrow a definition given by Judge Miller, it is a contract "which the common sense of the entire community would pronounce" to be against public policy. Notwithstanding all this the bank participated, not in a passive, but in an active, way in carrying out the contract, since the bank itself, with full knowledge on the part of its directors, paid out to the brokers, for the use of the vendors of the shares, the cost thereof as the certificates were delivered to it, and not one cent of the money expended by the bank in pursuance of the contract ever went into the possession, or was subject to the control, of the Maryland Trust Company at all, and despite the fact that not a share of the stock so bought and thus paid for was ever delivered to the trust company, although about two and one-half years elapsed between the dates of the purchases of the stock and October 19, 1903, when the trust company went into the hands of a receiver. The bank cannot under these conditions ask a court of equity to decree that the money so expended by it be paid to it by the receiver of the trust company.

But one more question remains to be considered, and it is this: Assuming that the executive committee of the trust company in fact authorized the officers of that company to make the contract with the bank, were the members of the committee clothed with the power to confer such authority, or were they competent to enter into the contract themselves in behalf of the trust company. By article 2, § 7, of the Maryland Trust Company's by-laws the board of directors was required to elect annually an executive committee, to consist of seven of the twenty-four members of the board. That committee was given by article 3 of the by-laws "all the powers of the board of directors when the same is not in session, * * * so far as the same can legally be done." These by-laws were adopted, not by the stockholders, but by the directors. It is undoubtedly true that a board of directors has authority, acting as and for the corporation, to delegate to subordinate officers or agents, or to a committee of their own number, the power to perform any act in the course of the business of the corporation which they themselves can legally perform, even though the performance of the act may involve the exercise of the highest judgment and discretion, provided there is express authority given therefor, or it is implied from usage or from the necessities in the management of the corporation. It can hardly be contended with seriousness that the purchase by the trust company of its own stock, whereby it would be made to occupy the anomalous position of being a member of itself to the extent of the shares so bought, was an act done in the course of the business of the corporation. It was an extraordinary and unusual act, obviously not within the contemplation of the by-law creating the executive committee. This view is strengthened by the fact that at the January session of 1902 the General Assembly by chapter 106, p. 128, amended the company's charter and distinctly empowered the board of directors to create an executive committee which would be authorized to exercise all the powers of the board of directors. If the by-law validly created an executive committee clothed with adequate power to act in the place of the directors, it was wholly unnecessary to procure. after all the 1811 shares had been bought, an act of assembly permitting a thing to be done which, if valid at all, had already been done. The amendment was not retroactive, and there is no evidence in the record to show that the directors of the trust company ever knew of the action of the executive committee under the by-law until after the company had gone into the hands of the receiver. Inasmuch as the purchase of the company's own stock was not an act done in the course of the business of the company, it was not one which the executive committee, even if legally constituted, had power to authorize the officers to perform, and consequently was not binding on the company or its shareholders.

The conclusion which we have reached is that the contract under which the bank insists on payment, is invalid, first, because it involved in its execution an unlawful reduction of the amount of the trust company's capital stock; secondly, because it destroyed the double liability attached to the shareholders whose stock was purchased; and, thirdly, because it was one which the executive committee had no power to make. It follows that the obligations held by the bank are not enforceable, and that the shares purchased by the bank belong to it, and consequently the exceptions to the allowance of the claim of the bank should have been sustained and the claim should have been rejected. The order overruling the exceptions and directing the claim to be paid by the receiver of the Maryland Trust Company out of the assets in his hands will be reversed, with costs above and below.

Order reversed, with costs above and below, and cause remanded.

BANKS AND BANKING—NOTE—DEMAND AT PLACE NAMED UNNECESSARY—PLEDGE—SALE OF COLLATERAL—NOTICE TO PLEDGOR.

FARMERS' NATIONAL BANK OF ANNAPOLIS VS. C. H. VENNER, ET AL.

Supreme Judicial Court of Massachusetts, September 5, 1906.

In the cross suits of the Farmers' National Bank of Annapolis vs. C. H. Venner, et al., the Supreme Judicial Court of Massachusetts has handed down a decision holding that the bank acted with proper care and diligence and within its rights at an auction sale of collateral pledged to it to secure a note, especially in bidding in the collateral, since such privilege was expressly conferred by the terms of the note, and that it was entitled to recover the difference between the proceeds of the sale and the amount of the note. The amount realized at the sale was much less than had been received for similar bonds previously and subsequently. Mere inadequacy of price of itself, however, is held insufficient ground to set aside a foreclosure sale. The court holds further that where a note or bill of exchange is payable at a particular time and place, no demand or presentment at the place named is necessary in order to entitle the holder to maintain an action on the note or bill against the maker or acceptor. The note in question was payable on demand at the office of Baltimore brokers and was indorsed by the defendants, but no presentment or demand was made at that office, and the collateral was sold through an auction house in New York city, ample notice being given to the defendants that the collateral would be sold.

The full text of the opinion is appended:

MORTON, *J.*: These two actions were tried together by the court sitting without a jury. The first is an action of contract by the plaintiff as holder against the defendants as makers to recover the balance alleged to be due on a certain promissory note after the sale and application of the collateral. The note is dated "New York City, May 14, 1892," and is payable on demand after date to the order of the makers at the office of Wilson, Colston & Co., Baltimore, and was indorsed by the defendants. The writ was dated May 13th, 1898, the last day before action would have been barred by the statute of limitations. The plaintiff is a banking association organized under the laws of the United States and having its usual place of business at Annapolis in the State of Maryland. The defendants were formerly co-partners doing business in New York city under the name of C. H. Venner & Co. Personal service was made in this state on the defendant Venner, but no service was made on either of the other two defendants. The firm of C. H. Venner & Co. was dissolved July 31st, 1892, and the assets became the sole property of the defendant Venner.

The second action is tort for the conversion of twenty-six thousand dollars, par value, bonds of the American Water Works of Omaha, Nebraska, pledged as collateral to secure the payment of the above note. The note provides, amongst other things, that the holder might sell the collateral or any part thereof on non-performance of his promise by the maker "in such manner as the holder hereof may deem proper without notice at any stock exchange or at public or private sale, at the option of the holder hereof, and with the right on the part of the holder hereof to become purchaser thereof at such sale." It also contained a provision that "in case of depreciation in the market value of the security hereby pledged . . . a payment is to be made on account or additional approved security given on demand, so that the market value of the security shall always be at least ten (10) per cent. more than the amount unpaid on this note. In case of failure to do so this note shall be deemed to be due and payable forthwith . . . and the holder hereof may immediately reimburse himself by a sale of the security in the manner provided for above." The note is signed "C. H. Venner & Co." and the words "Due on demand" immediately precede the signature.

There was evidence tending to show, or from which it could have been found, that the note and bonds were presented to the defendant Venner in person at his office in New York city and a demand for payment was made. There was also evidence that a demand was made upon him for the payment of $5000 on account and for additional collateral under circumstances which justified the latter according to the terms of the note. Neither of the demands thus made was complied with. There was no evidence of a presentment or demand at the office of Wilson, Colston & Co. in Baltimore, or that there were funds there to meet the note if it had been presented. The collateral was sold through the firm of A. H. Muller & Son in New York city and was bid in for the bank at a price, except as to one bond, very much less, as there was testimony tending to show, than other bonds of the same issue were sold for before and after the sale in question. This constitutes the conversion complained of. It is conceded, or at least it is stated in the bill of exceptions as a fact, that A. H. Muller & Son were proper auctioneers, and that the place where the bonds were sold was a proper place to sell them.

The court found for the plaintiff in the first action in the sum of $24,865.26, and for the defendant in the second action. The cases are here on exceptions by the defendant Venner to the refusal of the court to give certain rulings requested by him and to the finding that was made.

We see no error in the rulings or refusals to rule, or in the finding that was made.

The plaintiff contends in the first place that no action can be maintained on the note because no demand was made for its payment at the office of Wilson, Colston & Co., in Baltimore. It is settled in this state, both at common law and recently by statute and by the weight of authority in this country, contrary to the law in England, that, where a note or bill of exchange is payable at a particular time and place, no demand or presentment at the place named is necessary in order to entitle the holder to maintain an action upon the note or bill against the maker or accepter. We see no valid distinction between a note payable on time at a particular place and a note payable on demand at a particular place. No demand is necessary, before suit, where a note is payable generally on demand. And as we have seen no demand is necessary when a note is payable on time at a particular place. And it seems to us that the fact that both circumstances are found in the same note cannot operate to change the rule and render a demand necessary when it would not otherwise be required.

We think, therefore, that the refusal of the court to rule as requested. that in order to maintain the action the plaintiff was bound to prove a demand at the office of Wilson, Colston & Co., and that a refusal of a demand to pay the note at any other place did not constitute a default in the payment of the note was correct, and that the court was right in ruling, as it did, that a sufficient demand was made, though not made at the office of Wilson, Colston & Co. in Baltimore. The note is dated and apparently was made in New York. But it was given in renewal of a note previously held by Wilson, Colston & Co. and was to be paid in Baltimore, and, it fairly may be inferred, was delivered to the plaintiff bank at its usual place of business in Annapolis. It must be regarded, therefore, either as a New York or Maryland contract. If it is to be regarded as a Maryland contract, then the decisions by the highest court in that state, which were put in by the plaintiff bank, would seem to show, so far as they bear upon the question, that a demand at the office of Wilson, Colston & Co. was not necessary in order to enable the plaintiff to maintain its action. No evidence was introduced as to the law of New York, and in the absence of such evidence it is to be assumed that the law of that state is the same as the law of this.

The remaining question relates to the sale of the collateral. The defendant asked the court to rule "that the relation of the Farmers National Bank, holding the collateral pledged as security for the payment of the note declared upon and the makers of said note, was that of trustee and cestui que trust; that the Farmers National Bank was in duty bound and has the burden to prove that when it sold said collateral to itself it paid and has since accounted to the makers for the full value thereof." The court gave the first clause and refused the second. The defendant's contention is in substance that the plaintiff bank did not exercise that care in the sale of the collateral which in view of the relation that existed between it and the makers, it was bound to exercise, and he seeks to hold the plaintiff bank accountable for the amount which he contends should have been received. We assume, without deciding, that this defence, which is in the nature of an equitable defence or remedy, is open to him in these proceedings (Jennings v. Moore, 189 Mass. 197); but we see no ground on which it can fairly stand.

The collateral was sold November 8, 1893. There was ample evidence that the defendant Venner had been notified of the intention of the plaintiff bank to sell the collateral if the note was not paid or the $5,000 that was called for was not provided, or if the additional collateral demanded was not furnished. On October 31, preceding the sale, a notice of the date and place of sale was left at his office, by the Chemical National Bank of New York, acting for the plaintiff bank, and could have been found to have been received by him. On November 2 the plaintiff bank also sent him a notice of the date and place of sale, and on November 8, the day of sale, another notice of the time and place of sale was left by the Chemical National Bank at the defendant's office. It did not appear whether these last two notices were in fact received by the defendant before the sale. But, as already observed, there was evidence warranting a finding that he had previously received actual notice of the date and place of sale. There was also evidence, though not perhaps so satisfactory as it might have been, warranting a finding that notice of the sale was advertised in the "New York Times," "The Evening Post," "The Journal of Commerce" and "The Tribune."

It was conceded that A. H. Muller & Son, through whom the bonds were sold, did the largest auction business of securities in New York city, and also, as already observed, that they were proper auctioneers, and that the place where the bonds were sold, which was at one of the regular auction sales of A. H. Muller & Son, at the New York Real Estate Salesroom, 111 Broadway, was a proper place. We do not see any ground on which it can be successfully contended that there was lack of proper care and diligence on the part of the plaintiff bank in the sale of the collateral. The fact that the bonds were sold for very much less than bonds of the same issue had been sold for previously and were sold for subsequently, and the further fact, if such was the fact, that Mr. Quinlan, who bid off the bonds for the plaintiff bank, was the only bidder, do not invalidate the sale. There is nothing to show that other bidders were not present, and mere inadequacy of price is not of itself sufficient ground for setting aside a foreclosure sale. Austin vs. Hatch, 159 Mass. 198; Stevenson vs. Dana, 166 Mass. 163; Fennery vs. Brown, 170 Mass. 303.)

The note provided expressly that the pledgee might purchase at any sale of the collateral, and there is nothing, therefore, in the fact that the plaintiff bank was the purchaser to invalidate the sale. Neither do we think there is anything in the fact that the bonds, with one exception, never had been stamped as five per cent. bonds, but were advertised and sold as six per cent. bonds, which they originally were. They had been made five per cent. bonds before they were pledged by the defendant, but he had never caused them to be stamped as such. And although he had called the attention of the plaintiff to the reduction in interest, and had suggested that it have the bonds properly stamped, *i. e.*, stamped as five per cent. bonds, there is nothing to show that he did anything more, or that he was not content that the bank should hold them and deal with them as six per cent. bonds, though they were in fact five per cent. bonds. Nor is there anything to show what caused the bonds to sell for the price for which they did; or that the bank or its agents had or should have had any reason to suppose that the sale would be adversely affected, if it was so affected, if the bonds were advertised as six per cent. bonds instead of five per cent. bonds, or that it was the duty of the bank to cause them to be stamped as five per cent. bonds. There was uncontradicted testimony that six per cent. bonds of the same issue were sold at auction by the same auctioneers before and after the sale in question, for the same price as the five per cent. bonds, and both the bank and the auctioneers may well have supposed that it would make no difference whether the bonds were advertised and sold as six per cent. or five per cent. bonds. What rights or property the plaintiff bank acquired or became entitled to under the reorganization of the water works by virtue of the possession and ownership of the bonds, cannot, of course, affect the validity of the sale.

It is to be observed that although the defendant Venner had information of the sale shortly after it took place, and wrote to the plaintiff bank protesting against it, he took no steps to have it set aside until the bank sued to recover the balance due it, nearly six years afterward.

A question as to whether the plaintiff was entitled to interest was raised at the trial by the defendant, but it has not been pressed and we therefore treat it as waived.

The result is that we think that the exceptions should be overruled.

BILLS AND NOTES—CHECK—FORGERY—PAYMENT—RECOVERY BACK—MISTAKE OF FACT.

HATHAWAY, ET AL., VS. DELAWARE COUNTY.

Court of Appeals of New York, June 12, 1906.

In the case of Hathaway, et al., vs. Delaware County, it having appeared that an ex-treasurer of the county, with a view to make restitution for his defalcations while in office, obtained, on a forged note purporting to be signed by his successor, from the plaintiffs, from whom he previously as treasurer had borrowed money on obligations supposedly given by the county, a check to the order of the present treasurer, which check he turned over to the latter for the purpose suggested, the Court of Appeals of New York held that since the check showed on its face that the money was being paid to the county by the plaintiffs and not by the ex-treasurer, the county was liable, upon discovery of the forgery, to refund to the plaintiffs the amount of the check. In substance the court held that money paid under a mistake of fact might be recovered back, notwithstanding the negligence of the party who made the payment in having made the mistake, provided that the payment had caused no such change in the position of the other party as to render it unjust to require him to pay back the money.

CULLEN, *C. J.:* Prior to January 1, 1900, one Woodruff was the county treasurer of Delaware county—the respondent in this action—and was a defaulter in his trust. On that day he was succeeded as county treasurer by Hugh Adair. About May 1, 1900, Adair discovered that Woodruff was indebted to the county, and demanded payment of the debt. Thereupon Woodruff presented to the plaintiffs what purported to be a note of the county of Delaware and to be executed by Hugh Adair, its treasurer, under authority of the board of supervisors, for the sum of $5,000 and interest, payable February 1, 1901. The signature of Adair to this note was forged by Woodruff. Woodruff had dealt with the plaintiffs during his incumbency of the office of county treasurer, and had borrowed for the county, on what either were or were assumed to be its obligations, several sums of money. On the presentation of the forged note referred to, Woodruff represented that he was obtaining the loan for the county. The plaintiffs thereupon drew their check to the "order of Hugh Adair, county treasurer of Delaware county," and delivered it to Woodruff for transmission to the county treasurer. Woodruff turned the check over to Adair on account of his personal indebtedness and it was received by Adair as a payment on that account, he being ignorant of the means by which Woodruff had obtained it. The money was collected and went into the treasury of Delaware county. The plaintiffs on discovering the forgery demanded the return of the money, which, being refused, they instituted this action. On the trial neither party asked for the submission of any question to the jury, and if the evidence presented any question of fact that question must be considered as decided by the court in favor of the plaintiff, a finding which it was not within the power of the Appellate Division to disturb, for the appeal to that court was solely from the judgment.

Plaintiffs sought to recover this money as paid under a mistake of fact. The rule as to such payments is thoroughly settled in this state. "Money paid under a mistake of fact may be recovered back, however negligent the party paying may have been in making the mistake, unless the payment has caused such a change in the position of the other party that it would be unjust to require him to refund," and if circumstances exist which make such recovery inequitable, the burden of proving that fact rests upon the party resisting the payment. That the plaintiffs paid their money under a mistake of fact, to wit, that they had received a genuine obligation of the defendant, is unquestioned. It does not appear that the defendant's claim against Woodruff or his sureties has been in any manner jeopardized or impaired. On final analysis the transaction is simply this: The plaintiffs paid money to the defendant as a loan. The defendant received it as a payment on the debt of Woodruff. Though the fault or misfortune which led to this mistake was the plaintiffs,' in failing to discover the forgery, that no more than negligence can bar their right to recover, unless by that payment the situation of the defendant has been altered to its detriment. Generally in actions of this kind the mistake under which money is paid is a mutual one as to the existence or non-existence of a fact which justifies or requires the payment. It is not essential, however, that the mistake should be of that character.

The case at bar is on all fours with that of Mayer vs. Mayor, etc., of N. Y., supra. In that case the plaintiff paid the city of New York an assessment for a local improvement upon an adjoining lot instead of the assessment on his own. The fault or negligence by which the payment was made on the wrong lot was the plaintiff's, yet it was held that he was entitled to recover back the money so paid, it not appearing that by the payment the city had lost its lien upon the lot, the assessment of which had been paid. Judge Andrews said: "The city received the money upon a lawful demand, but from a person who was not legally liable to pay it, and we do not find that the circumstance that money paid by mistake is received upon a valid claim in favor of the recipient against a third person prevents a recovery back, provided the claim against the party who ought to pay it is not thereby extinguished or its collection prevented." The case is decisive of the one before us, unless under the facts some other rule conflicting with or modifying the general rule is applicable to this case.

The learned judge who wrote for the Appellate Division recognized the principle that money paid under a mistake of fact may be recovered back, and would have upheld the judgment for the plaintiffs had he not deemed the case controlled by the decision of this court in Goshen Nat. Bank vs. State, 141 N. Y. 379, 36 N. E. 316. That case and the earlier decisions on which it is founded proceed on the primary proposition that "money has no earmarks" and that the possession of money vests the title in the holder as to third persons dealing with him and receiving it in good faith in the due course of business, and upon the secondary principle that where money is transferred by checks the same rule obtains as where payment is made in coin or bills. In the Justh case a person had obtained a loan from the plaintiff on altered and forged bonds. The money was advanced by a check to the order of the borrower, who deposited it in the defendant bank. Thereafter by a check on his deposit the forger paid the defendant a loan which he had obtained from it. In the Stephens case one Gill obtained from the plaintiff money on a forged mortgage and the check was deposited in Gill's bank and collected. Thereafter Gill paid the defendant a debt he owed it by a check on his own bank. It was held that the plaintiffs could not recover, but it is to be observed that in each case the plaintiff intended to give the money to the borrower, that the check was given for the purpose of paying the borrower, and when deposited and collected it was the same as if payment had been made in the first instance in money. The same is true of the checks given by the borrowers to their creditors. When the money was collected thereon it was the same as if the original payments had been made in money. There was not in any respect a diversion of the checks. Each served the exact purpose for which it was drawn.

The latest case in this court is Nassau Bank vs. Nat. Bank of Newburgh, 159 N. Y. 456, 54 N. E. 66, and is of a similar character. The crucial distinction between those cases and the present one lies here. There was an earmark on the money which the defendant received and the plaintiffs' check was diverted in that, while it was given as a loan to defendant, it was used to pay Woodruff's debt. Had the plaintiffs given Woodruff money and the defendant received it in good faith without knowledge how it was obtained, doubtless the plaintiffs could not recover. I assume that if they had given a check to Woodruff's order the money could not be reclaimed after payment, even if plaintiffs could have successfully resisted an action brought on the check. (Southwick vs. First Nat. Bank, supra, opinion pages 434, 435.) But that is not the present case. The check was drawn by the plaintiffs to the order of the defendant. It imported on its face that the money represented by it was the property of the plaintiffs, and that they, not Woodruff, were paying it to the defendant. Woodruff had no apparent title to the check. He was merely the agent of the plaintiffs for the purpose of delivering it to the defendant. It is not necessary to consider the ostensible or apparent authority of Woodruff as to the directions he might give the defendant for the disposition of the proceeds. That question was a vital one in the Sims and the Knife Co. Cases, because in each case the defendant had not only collected the checks, but on the faith of the instructions received from the agent, disposed of the proceeds. In those cases the defendants were held liable notwithstanding the payment of the money in good faith. The decisions proceeded on the circumstances of the case and the character of the business. Nor is it necessary to consider whether the rule that one who holds money or property as agent, trustee, executor, administrator, guardian or partner has no apparent authority to dispose of it in payment of his own debt, applies to one intrusted with a check for delivery to another. These questions would be important had the defendant parted with anything on the faith of the check. The Sims Case and the Knife Co. Case are cited as authority (if authority be necessary) for the single proposition that the defendant was chargeable with knowledge that the moneys to be transferred by the check were the moneys of the plaintiffs. Therefore, we have in this case a payment not made by Woodruff, but made by the plaintiffs, and as to which the ordinary rule that money paid by mistake may be recovered applies.

To return to the case of the Goshen Nat. Bank, supra. There the cashier of the plaintiff was also the county treasurer of Orange County. He paid the comptroller the state taxes by a check drawn by him as cashier of the plaintiff upon the Importers' & Traders' Bank of New York city. It was within the power and a part of the duty of the cashier to issue such checks to customers who might pay the bank therefor. But in the instance of the payment to the comptroller the issue of the check was simply an embezzlement of the funds of the bank. The bank sought to reclaim these funds, and in answer to that claim this court held, first, that there was no diversion of the check, because it was issued for the very purpose of paying the comptroller the state taxes; and, second, that by reason of the peculiar character of cashier's checks and their general use in the commercial world they were to be regarded substantially as the money which they represented. It was there said by Judge Peckham: "When the comptroller received this draft he had the right, in the absence of any other notice than its form, to regard it as the property of the cashier, regularly in his possession and proper to be used in payment of the taxes due at that time." This presumption cannot be extended to the case of ordinary checks of the depositor drawn on his bank. On the contrary, if in this case the money belonged to Woodruff and not to the plaintiffs, the presumption is that the check would have been drawn to Woodruff's order and not to that of the defendant. Possession of a bill or note unindorsed by the payee is not of itself evidence of title. It may have been acquired by fraud or theft. (Daniel on Neg. Instruments, § 574.)

The judgment appealed from, so far as it affirmed the judgment of the trial court dismissing the first cause of action should be affirmed, but so far as it reversed the judgment for the plaintiffs on the second cause of action should be reversed and such part of the judgment of the trial court reinstated; neither party to recover costs in the Appellate Division or in this court.

O'Brien, Haight, Vann, Werner, Willard Bartlett, and Hiscock, J.J., concur.

Judgment accordingly.

BILLS AND NOTES—DISCHARGE IN BANKRUPTCY—PROMISE TO PAY NOTE.

FARMERS AND MERCHANTS' BANK OF VANDALIA VS. RICHARDS.

St. Louis, Mo., Court of Appeeals, May 6, 1906. Rehearing denied May 22.

After a discharge in bankruptcy, a promise by a bankrupt to pay a note executed prior to his adjudication as a bankrupt will suffice for a recovery of the amount of the note in an action based on the newly made promise. Thus held the St. Louis Court of Appeals in the suit of the Farmers and Merchants' Bank of Vandalia vs. Richards.

On February 17, 1900, Richards executed a note for $325, delivering it to the bank. Later he filed a petition in bankruptcy, receiving a discharge February 28, 1901. On January 25, 1903, he went to the bank to cash a draft and the cashier called his attention to the note for $325 and asked him to renew it. Richards replied: "No, I will pay it." He repeated the assertion several times during the conversation. On the strength of the promise the bank sued to recover the amount and was awarded $463.65. Judgment was affirmed by the Appellate Court. Bland, P. J., discusses the point at issue briefly. Other collateral issues were passed upon. The opinion as to the pivotal point in issue is as follows:

1. By the discharge in bankruptcy the note was not paid, but the defendant's liability thereon was discharged, and the action is not on the note, but on the new promise; the discharged debt being the consideration therefor. Section 3,706, Rev. St. 1899, provides: "Parties may agree, in writing, for the payment of interest, not exceeding eight per cent. per annnum, on money due or to become due upon any contract." The preceding section provides that, where no rate of interest is agreed to be paid, six per cent. shall be the legal rate. By reason of section 3706, supra, the defendant contends that an oral promise to pay a note bearing eight per cent. interest per annum is unenforceable. This contention seems to us to be more subtle than sound. The note itself is the evidence of the debt, and furnished the consideration for the new promise, and was by the oral promise incorporated into the contract to pay, and became, in a sense, a part of it; and while the note did not furnish the plaintiff's cause of action, it furnished written evidence of the sum agreed to be paid by the new promise.

2. The discharge of the debtor in bankruptcy does not satisfy the debt, but merely releases the debtor of his legal obligation to pay. The moral obligation to pay remains, and furnishes a sufficient consideration in law for the new promise to pay. This promise, to be enforceable, "must be an express, positive and unconditional promise." And the defendant makes the point that the evidence is insufficient to show an express, positive and unconditional promise on the part of the defendant

to pay the note, and for this reason the court should have granted its instruction in the nature of a demurrer to the evidence.

The evidence for plaintiff tends to show that defendant, referring to the note, said to the cashier of the plaintiff, not once, but repeatedly, "I will pay it." These words convey the idea of an express and unconditional promise, and we think furnished ample evidence to warrant the court in submitting to the jury to find whether or not there was an express promise to pay the note.

EMPLOYER'S LIABILITY BOND—DEGREE OF CARE TO BE EXERCISED BY EMPLOYEE OF BANK—LOSS TO BANK.

UNITED STATES FIDELITY AND GUARANTY CO. VS. DES MOINES NATIONAL BANK.

Circuit Court of Appeals, Eighth Circuit, March 16, 1906.

An action by a bank against a guaranty company to recover on a bond for the loss occasioned through the alleged dishonesty or culpable negligence of an employee was decided by the Circuit Court of Appeals, Eighth Circuit, which held that negligence was actionable only when loss or injury proximately resulted therefrom, and to be thus proximate the loss or injury must be a natural and probable consequence which ought to have been foreseen or reasonably anticipated in the light of attendant circumstances, and that the lower court erred in instructing a jury that the degree of care and caution, failure to exercise which on the part of the employee will render the guaranty company liable for resultant loss, was "the very highest, you might almost say the highest possible" and "an extraordinary and a very high degree," especially in view of the definition of culpable negligence contained in the agreement to the effect that it was "failure to exercise that degree of care and caution which men of ordinary prudence and intelligence usually exercise in regard to their own affairs."

Judgment of $5,000 for the bank is reversed, the court holding that the facts were not of such a nature and so related to each other as to preclude any other conclusion from being fairly and reasonably drawn that the loss could not have happened any other way than by the negligence of the employee for whom the company went surety. Following is the decision of the court:

Kelley was the receiving teller of the bank, Collins was its paying teller, and Zwart was its cashier. It was part of Kelley's duties as receiving teller to take the place and to perform the duties of the paying teller during the temporary absence of the latter. Collins was absent on his annual vacation from Saturday evening, August 9, until Monday morning, August 25, 1902, and his place was filled by Kelley from Monday morning, August 11, until Saturday evening, August 23. As temporary paying teller, Kelley was chiefly engaged during business hours in paying out money on checks. His place of work was separated from other portions of the bank by wire partitions and iron frames forming a sort of cage, which was distant about thirty feet from the general vault in which were kept the books, files, and papers of the bank, and a safe for the safekeeping of the cash. Three or four other employees worked at stations between the paying teller's cage and the vault. The safe had two compartments; one called the "reserve chest," in which was kept the reserve cash not ordinarily required for immediate use, and another in which was kept what was termed the "counter cash." By the custom of the bank the counter cash was taken by the paying teller from the safe to his cage in the morning of each business day and was returned in the evening, but the reserve cash remained in the safe during business hours as well as at other times. As occasion required, the counter cash was replenished from the reserve cash, and, when the amount of the former became too large, it was reduced by transferring part of it to the latter. The outer door of the safe was equipped with a time lock and the reserve chest was equipped with a separate lock. The combination to the latter was in the possession of the president, Zwart, and Collins, but was not given to Kelley. The president and Collins were absent during Kelley's service as paying teller, and when it was necessary for him to have access to the reserve cash, which was almost of daily occurrence, Zwart, who was then the managing officer of the bank, would unlock the reserve chest and leave it in that condition for the remainder of the day. In this way the reserve cash was made also accessible to the other employees—and there were several of them—who had frequent occasion to go into the vault for books, files, and papers. When Kelley was at lunch during the noon hour his place was filled by another employee. At the close of business hours, whatever money had been taken in by other employees during the day was turned over to Kelley as part of the counter cash, and it was then part of his duties to count the counter cash, to place it in the proper compartment of the safe, to count the money in the reserve chest, and to make appropriate entries upon his books of the amount and character of the cash on hand. He would then lock the reserve chest—which he could do, although he did not have the combination—and would also set the time lock on the outer door of the safe. When he assumed the duties of paying teller, the money in the reserve chest, as also the counter cash, was counted by him or in his presence, and was found to correspond in amount and character with what was called for by the books. During his service in that station he regularly performed its duties, save that, although instructed so to do, he did not make a daily count of the money in the reserve chest. Instead of that he kept an account of the original amount in that chest and of all amounts taken therefrom or placed therein by him, and at the close of each business day used the amount shown by that account to be in the reserve cash in balancing his books.

On Saturday evening, August 23, after counting the counter cash and placing it in the safe as usual, he locked the safe, entered in his books the amount and character of the cash on hand, and left on a vacation, as had been before arranged. On Monday morning, August 25, Collins resumed his station as paying teller, and, on counting the money in the safe, found that the counter cash corresponded with the books and with Kelley's entries, but found that there was $5,000 less paper currency in the reserve cash than was called for by the books and by the account kept by Kelley. Kelley returned and assisted in the investigation which followed. There were no errors in bookkeeping which accounted for the loss. It was actual. Zwart, Kelley, and the employe who filled the latter's place during the noon hour each testified that he did not take the money. When or how the loss occurred, or what became of the money, was not more definitely shown than has been stated.

The charge proceeded upon the view that, while the matter of when and how the loss occurred and what became of the money was not shown but left to conjecture, Kelley's relation to the money, his control over it, and his custody of it, were such that the jury would be justified in inferring that the loss, because not shown to be otherwise, was in some way or other the result of culpable negligence on his part.

We cannot concur in that view. It presupposes that the reserve cash was within the control and custody of Kelley, and applies to him the rule applicable to a bailee or other custodian whose situation is such that a loss, if not otherwise explained, warrants the inference that it was due to his negligence or dishonesty. Kelley occupied no such relation to this money. He could take from it to replenish the counter cash and add to it from the latter, and it was his duty to count it at the close of business each day, and then to lock the safe; but, in other respects, it was not within his control or custody. It was the cashier, and not Kelley, who carried the combination to the lock, who could say whether the reserve chest should be kept locked or unlocked during business hours, and who could otherwise take measures for the safety of the money. When Kelley was attending to his important duties in the paying teller's cage, as was required most of the time, the reserve chest and its contents were beyond the range of his observation, the chest was unlocked, and its contents were easily accessible to other employees, over whom he had no control, and who were passing in and out of the vault, and sometimes out of the bank, without any immediate supervision of their movements. True they had no right to disturb the money, but that was not an assurance that none of them would yield to the temptation which the situation presented; nor does the presumption of innocence, which would protect them from the charge of theft in the absence of satisfactory evidence thereof, warrant the inference that Kelley was either negligent or dishonest. (Smith vs. First National Bank, 99 Mass. 605.)

Passing, for the moment, the fact that Kelley neglected to make a daily count of the money in the reserve chest, it is plain that the evidence bearing upon the cause or occasion of the loss was altogether circumstantial, and was as consistent with the theory that the loss was occasioned solely by the personal dishonesty of one of the other employees, to whom the money in its exposed condition was easily accessible, as with the theory that it was occasioned by the personal dishonesty or culpable negligence of Kelley. Which theory was correct was left to mere conjecture. The bank had the burden of proof, and, as it failed to produce any evidence reasonably tending to establish the latter theory to the exclusion of the other, the guaranty company was entitled to a directed verdict in its favor.

It remains to be considered whether, under the evidence, Kelley's failure to make a daily count of the money in the reserve chest could have been properly found to have been a proximate cause or occasion of the loss. Two propositions are submitted on behalf of the bank in that connection: One, that knowledge on the part of another employee, having access to the reserve chest, that a daily count of its contents was not being made, and therefore that a loss would not be promptly discovered, may have encouraged him to abstract the money when otherwise he would not have done so; and, the other, that, if a daily count had been made, the loss would have been disclosed at the close of business on the day in which it occurred, and this might have led to a discovery of the cause or occasion of the loss and to the recovery of the money. Neither proposition has any support in the evidence. Both are conjectural. There was no evidence of any general knowledge among the other employees that the reserve cash was not being regularly counted or of the abstraction of the money by one who had knowledge of that fact. When the loss occurred, whether on the first, the last, or some intervening day of Kelley's service, was not known, and the evidence was devoid of any suggestion that an earlier discovery of the loss would have led to a recovery of the money. In truth, there was no attempt to show any casual connection betweeen the failure to regularly count the reserve cash and the loss which the bank sustained, and certainly there was no such necessary or natural connection between them as would reasonably warrant any inference upon the subject.

Negligence is actionable only when loss or injury proximately results therefrom, and to be thus proximate the loss or injury must be a natural and probable consequence which ought to have been foreseen or reasonably anticipated in the light of the attendant circumstances.

Careful consideration of the evidence and of the arguments of counsel convinces us that there was no evidence legitimately tending to show that the loss was sustained through any personal dishonesty or culpable negligence on the part of Kelley, and that therefore the request of the guaranty company that a verdict be directed in its favor should have been sustained.

The judgment is accordingly reversed, with a direction to grant a new trial.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

WAREHOUSE RECEIPTS—PARTNERSHIP—BANKS AND BANKING—BANK ACT—LIABILITY OF PARTNERS—PROMISSORY NOTES—NEGOTIATION—EXTINGUISHMENT OF DEBT—SECURITIES—RELEASE OF PARTNER—COVENANT NOT TO SUE—RESERVATION OF RIGHTS.

ONTARIO BANK VS. O'REILLY, ET AL.

(12 Ont. Reports p. 420.)

STATEMENT OF FACTS: This was an action brought against three defendants as members of the partnership carrying on the business of warehousemen under the name of "The Ottawa Cold Storage and Freezing Company," to recover the sum of about $33,000. The defendants, Frank and George O'Reilly, were engaged in the storage business and contemplated extending the business to include that of commission merchants. In April, 1898, the two O'Reillys entered into partnership with one MacCullough for the purpose of carrying on the commission business while they two alone continued as partners in the warehouse business. The account of the commission and produce branch of the business was kept at the plaintiffs' bank. The course of dealing was that for the purpose of enabling the partnership to purchase the produce in which they were dealing the plaintiffs gave them a line of credit in the form of an overdraft on their account. From time to time the plaintiffs discounted their promissory notes, the proceeds of which were placed to the credit of the account. The goods purchased by them were warehoused with the storage branch of the business, and receipts signed in the name of the Ottawa Cold Storage and Freezing Company by the defendant, George A. O'Reilly, were given to the defendant, MacCullough, on behalf of the commission and produce business. These warehouse receipts were from time to time indorsed over to and hypothecated with the plaintiffs as promissory notes were discounted. The method adopted was that the warehouse receipts were indorsed to the plaintiffs by the defendant, MacCullough, and contemporaneously a memorandum of hypothecation signed by the defendant, George A. O'Reilly, as manager of the commission business, with a certificate of valuation by him, was handed to the plaintiffs. The proceeds of the discounts were placed to the credit of the commission and produce business, on behalf of which the dealings with the plaintiffs were entered into and carried on. This course of dealing continued from June, 1898, to July, 1900. All the transactions of the years 1898 and 1899 were retired and closed up. The transactions involved in this action extend from April 24, to July 30, 1900, and are represented by ten warehouse receipts indorsed and hypothecated as before described, and by ten promissory notes made on behalf of the commission and produce business to the order of the defendant, MacCullough, and indorsed by him and the defendant, George A. O'Reilly, for sums representing in the aggregate $30,000. In or about the latter part of July, 1900, the business got into difficulties; there were dissensions between the partners; and MacCullough retired from the partnership, and shortly afterwards the defendant, George A. O'Reilly, left Ottawa. These facts were communicated by the defendant Frank O'Reilly to the plaintiffs' manager, who thereupon went to the warehouse and on checking the goods in store ascertained that there was a large discrepancy between them and the amounts specified in the warehouse receipts. Accordingly, he assumed possession, appointing one Lewis, the man who had been in charge, to continue in charge for the plaintiffs. Subsequently the defendant, George A. O'Reilly, was induced to return, and he took charge for the plaintiffs. In the end something like $4,700 was realized from the goods in store, the remainder being unaccounted for.

After the plaintiffs took possession, the Merchants' Bank of Halifax, which had obtained a judgment against the Ottawa Cold Storage and Freezing Company, issued execution thereon and seized the goods in the warehouse, and, upon the plaintiffs claiming them, interpleaded proceedings were taken. While these were pending the plaintiffs were desirous of procuring the testimony of the defendant, Frank O'Reilly. He expressed his reluctance to testify, lest he should complicate himself with the Merchants' Bank of Halifax, if it appeared that he was liable to the plaintiffs upon the promissory notes. And in order to remove this difficulty, and, as the plaintiffs' manager testified, being assured by the defendant, George A. O'Reilly, that the two businesses were separate and distinct, and not being sure whether the defendant, Frank O'Reilly, was interested in the commission business or not, he caused a letter to be written by the plaintiffs' solicitors to the defendant, Frank O'Reilly's, solicitor as follows:

Ottawa, Dec. 15, 1900.

M. J. Gorman, Esq., Barrister, etc., Ottawa.
Re Ottawa Cold Storage.

Dear Sir: We are instructed by Mr. Simpson, the manager of the Ontario Bank, that the bank has no evidence that Mr. Frank O'Reilly is a member of the commission partnership known as the Ottawa Cold Storage and Freezing Company, which is liable to the bank upon certain promissory notes to the extent of about $30,000, and he has authorized us to undertake, as solicitors on behalf of the bank, that the bank will not attempt to hold Mr. Frank O'Reilly liable for the said notes or any of them, as a partner in the said Ottawa Cold Storage and Freezing Company.

Yours truly,
O'Gara, Wyld & Osler.

At the trial the court held that this letter was an unconditional and absolute discharge of the defendant, Frank O'Reilly, from the promissory notes, which had the legal result of discharging his codefendants from their liability, and the warehouse receipts being only security for the promissory notes, could not be enforced; or, as he expressed it, "the defendants cannot be held liable upon the security which is given for a debt which has been extinguished." He therefore dismissed the action, and this appeal was taken to the Court of Appeal for Ontario, where on behalf of George O'Reilly it was contended:

(a) That the documents sued upon were not valid warehouse receipts under Sec. 75 of the Bank Act, because they were given as security for a past indebtedness and there was no written promise or agreement to give the receipts.

(b) Because MacCullough was a member of the firm giving the receipt and such receipt was contrary to Sec. 2 (d) of the Bank Act.

(c) The reason given by the trial judge.

JUDGMENT: The judgment of the court was given by Chief Justice Moss, who referring to the effect of the letter, says:

Whatever may be the effect in law of the letter, it cannot be said upon the evidence that it was the intention of the parties to extinguish the debt owing to the plaintiffs for which the promissory notes were given, or to release or discharge the defendants, George A. O'Reilly and James A. MacCullough, from liability in respect of it. It is to be borne in mind that, according to the defendant, Frank O'Reilly's, evidence, his position at the time when the letter was written was that George A. O'Reilly and MacCullough were the only persons interested in the commission and produce business. And the thought that they were to be discharged would be the most unlikely one to occur to any of the parties. If such has been the result it must be by virtue of the terms of the letter itself.

Does it in terms or by reasonable implication operate to extinguish the debt in respect of which the defendant, Frank O'Reilly, was probably liable, but in respect of which the defendants, George A. O'Reilly and James A. MacCullough, were undoubtedly liable? So far from its terms indicating an intention to extinguish the debt, they clearly recognize the continuance of the liability in the other partners in the Ottawa Cold Storage and Freezing Co. The statement is that the bank has no evidence that Mr. Frank O'Reilly is a member of the commission partnership known as the Ottawa Cold Storage and Freezing Company, "which is liable to the bank upon certain promissory notes to the extent of about $30,000." That is, the partnership is liable, but we have no evidence that Frank O'Reilly is a partner. And because of this the solicitors undertake that the bank will not attempt to hold him liable. There is in this a sufficient reservation of the plaintiff's' rights against the partnership and those who were undoubtedly members of it to prevent the letter from being treated as having any greater effect than a covenant not to sue. The language affords a strong presumption that the parties were dealing with the liability of the defendant, Frank O'Reilly, and not with the liability of the other two. The surrounding circumstances already referred to lead to the same conclusion.

In view therefore of the terms of the letter, the nature of the transaction, and the surrounding circumstances, full effect may be given to the letter by confining its operation to the liability of the defendant, Frank O'Reilly.

The defendants, however, contend against their validity, and argue that they were not acquired by the plaintiffs in such manner as to pass the property tó them or confer a title to the goods, or render the receipts legal securities in their hands.

There can be no doubt that the dealings and transactions through which the plaintiffs acquired the warehouse receipts were conducted by them in good faith, and that the intention of the parties was to give to the plaintiffs a valid security for the advances which they were making in order to enable the makers of the promissory notes to carry on the commission and produce business. Their account with the plaintiffs was an active running account. From time to time they discounted notes, and at the same time indorsed and hypothecated warehouse receipts as collateral security. The proceeds were placed to the credit of the account, and there was no restriction upon the customers drawing checks or paying out, other than the margin established when the account was opened.

In regard to the warehouse receipts now in question, each one was transferred by indorsement and instrument of hypothecation contemporaneously with the discount of a promissory note made by the holders or owners of the warehouse receipts. As a result of each transaction the plaintiffs acquired and became the holders of a promissory note on which the makers were liable, and the latter received in their current account the proceeds of the discount, and in consideration thereof made a transfer or hypothecation of a warehouse receipt. There was therefore a negotiation of a note and an actual advance at the time of the acquisition of the warehouse receipt. No doubt it was the case that on most occasions when a discount was effected the account was overdrawn, but that was in the course of dealing, and the circumstance did not deprive the transaction of its character of a negotiation of the note, for the proceeds were placed freely at the disposal of the customers, and the drawings on the account continued as before.

The distinction between this case and the leading case of Halstead vs. Bank of Hamilton is that in the latter case the proceeds of the discount were placed entirely out of the control of the customer, and he could make no use of them except upon further securing the amount of the withdrawal.

With respect to contention (b) above, the court held that there were two distinct firms, and that the warehouse receipts were not given by a firm to one of its members and consequently there was no giving of warehouse receipts, "as to his own property," within the meaning of subsection (d) of section 2 of the Bank Act. And since the Judicature Act there exists no reason why if two firms have a common partner an action should not be maintained by one against the other.

In the result the appeal should be allowed, and judgment should be entered for the plaintiffs for the amount of their claim, unless the defendants desire a reference to ascertain the amount, as they intimated at the trial and during the argument of the appeal.

PRINCIPAL AND AGENT—BANKS AND BANKING—CHECK PAYABLE TO ORDER—FORGED ENDORSEMENT—COLLECTION BY THIRD PARTY THROUGH HIS BANK—PAYMENT OVER—LIABILITY TO REFUND.

THE BANK OF OTTAWA VS. HARTY.

(12 Ont. Reports, p. 218.)

Statement of Facts: The defendant, McEwan, was in the habit of having business relations with the defendant, Harty, and brought to him a check for $750 drawn by the Lake Superior Corporation on the Morton Trust Company, New York, in favor of George McEwan. This check the defendant McEwan endorsed and handed to Harty, who was to obtain payment of it. Harty took the check to the plaintiff bank for collection, telling the manager that he knew McEwan and had seen him endorse the check. The manager offered to cash the check at once if Harty would endorse it, but this offer was declined. Harty, however, signed his name on the back of the check as a witness to the endorsement by McEwan, writing under his own signature the words, "Without any recourse to me whatever." The plaintiff bank collected the money and credited the proceeds to Harty, who accounted for them to McEwan on January 9, 1905. In May following the plaintiff bank advised Harty that the Morton Trust Company had revoked the payment of the check on the ground that the payee's name had been forged; and they sought to recover the money from Harty. The trial judge found on the evidence before him that McEwan had acted honestly in claiming and endorsing the check and that Harty was not aware of any infirmity in McEwan's apparently legal possession of the check before or at the time when he discharged himself of his agency by accounting to McEwan for the whole of the proceeds. The trial judge stated that the case for the bank had been very imperfectly made and the evidence was incomplete on certain points, and on the ground that the evidence did not prove as against Harty that McEwan was not entitled to the check, he dismissed the action. From this judgment the bank appealed to a divisional court composed of Meredith, C. J., Maclean, J. A., and Teetzel, J.

Judgment: The application by the bank was for a new trial, and we were of opinion that a case for a new trial upon terms had been made out; but counsel for Harty argued that, assuming that court should find that the endorsement was a forgery, the defendant, Harty, could not be held liable to the plaintiffs, and therefore a new trial would be fruitless. We have therefore to consider this question.

The plaintiff bank having repaid the money to the Morton Trust Company, charged back the amount of the check to the defendant's account, and this action is to recover money advanced by way of overdraft; and in the alternative the bank alleges misrepresentation by the defendants as to the endorsements, relying upon which the plaintiffs guaranteed the endorsement, collected the amount and were afterwards compelled to refund the same.

The defendant, Harty, having acted honestly, would not be liable unless his representations of the other facts constitute a contractual responsibility. In the present case the money was paid by the plaintiffs not to the payee but to the defendant, Harty; and while Harty would clearly not be liable in an action for deceit, I think the facts constitute a contract of warranty by him that he was entitled as agent for the rightful owner of the check to request the bank to collect it and pay the proceeds to him as such agent; and that, assuming the endorsement was forged, the defendant is liable to repay under the rule laid down in Collen vs. Wright, which rule was expressed by Lord Justice Brett as follows: "Where a person either expressly or by his conduct invites another to negotiate with him upon the assertion that he is filling a certain character, and a contract is entered into upon that footing, he is liable to an action if he does not fill that character; but the liability arises, not from the misrepresentation alone, but from the invitation to act and from the acting in consequence of that invitation."

In Oliver vs. The Bank of England (1902, 1 Ch. 610) it was held that this rule is not limited to a case where the person professing to have authority as agent purports to make a contract on behalf of his alleged principal, but extends to any case, where a person professing to have authority as agent induces another to act in a matter of business on the faith of his having that authority.

In the present case, the defendant having in his possession the check purporting to be properly endorsed was, if not by express words, by unequivocal conduct throughout asserting that he was the agent of the lawful holder and authorized by him to employ the plaintiffs to make collection and to receive from them the proceeds, and by such conduct also invited the plaintiffs to do as they did.

Upon the faith that he had that authority, the plaintiffs were induced to take the check, guarantee the endorsement, and pay over to the defendant the proceeds when collected.

If the endorsement was a forgery, the defendant's assertion of authority was untrue, and upon the above authorities he must be treated as having undertaken that it was true, and therefore is personally liable to the plaintiffs for any loss sustained on account of its falsity.

ENGLISH BILLS OF EXCHANGE ACT.

A RECENT number of "The Accountants' Magazine," of Edinburgh, has the following in regard to the amendment of the English Bills of Exchange Act:

This act, which was placed in the statute-book last session, is a short one, and consists of a single operative section, in the following words: "A banker receives payment of a crossed check for a customer within the meaning of sect. 82 of the Bills of Exchange Act, 1882, notwithstanding that he credits his customer's account with the amount of the check, before receiving payment thereof." It is intended to amend or interpret sect. 82 of the Bills of Exchange Act, which provides that "where a banker, in good faith and without negligence, receives payment for a customer of a check crossed generally or specially to himself, and the customer has no title, or a defective title thereto, the banker shall not incur any liability to the true owner of the check, by reason only of having received such payment."

A House of Lords' decision in 1903 in The Capital and Counties Bank vs. Gordon, and The London City and Midland Bank vs. Gordon determined what constitutes receiving payment "for a customer." The decision considerably inconvenienced and hampered bankers, and the new act has been passed in consequence.

The circumstances out of which these cases arose were as follows: A clerk in Gordon's employment had stolen a number of checks belonging to his employer, some of which were crossed. These checks he endorsed by forging Gordon's name. He himself had an account in his own name with each of the banks, and he paid the stolen checks into one or other of these accounts. These payments kept his accounts from being overdrawn; and he was allowed to draw against the checks as soon as they were paid in, and before they had been cleared. On the discovery of the fraud Gordon sued the banks for wrongful conversion of checks belonging to him. The good faith of the banks was not in doubt, and the question was whether or not the banks had received payment "for their customer." The House of Lords held that where a bank, before collection, credits its customers with the face value of a check, it becomes holder for value of the check, and that, therefore, when the check is collected the bank receives payment for itself and not for its customer, with the result that when the customer has no title, or a defective title, to the check, the bank is not entitled to the protection given by sect. 82 of the Act of 1882.

This year's act alters the law in this respect, and now, accordingly, a bank may credit its customer's account at once with the face value of a crossed check, without incurring liability should the customer's title to the check prove to be defective. But it should be noted that a bank will only be entitled to protection in the case of checks which are crossed when they come into its hands. It was decided in the Gordon cases that the crossing of a check by a banker, after it came into his possession, did not make it a crossed check within the meaning of sect. 82 of the 1882 Act, and the new act does not affect this decision.

CHECKS ON A FAILED BANK.

EX-JUDGE ALTON B. PARKER, as referee appointed to report in the litigation between John S. Davenport, as receiver of the Bank of Staten Island, and the National Bank of Commerce, growing out of the failure of the Staten Island bank in 1903, has filed a report in which he discusses a question of interest to bankers; that is, the duty of a clearing agent toward those who have drawn checks and drafts upon an insolvent correspondent.

Joseph Ahlmann, cashier of the Staten Island bank, committed suicide at his home, Dec. 31, 1903, and on the same day the Superintendent of Banks took possession of the bank. The National Bank of Commerce was its clearing-house agent, and on the day the bank failed had in its possession $11,000 of the funds of the Staten Island institution, and collateral valued at $228,000, all of which had been deposited by the Staten Island bank to secure it in the transactions. It was its duty to clear for the bank until it had given notice of its intent to discontinue clearing at least one day before it ceased to clear, under the rules of the clearing-house.

Several of the depositors of the Staten Island Bank became aware of its condition, and they drew checks for their balances and deposited them with the Stapleton National Bank on the same day.

These checks were then placed with the National Park Bank, the clearing-house agent of the Stapleton Bank, for presentation to the agent of the Staten Island Bank, the National Bank of Commerce. The next day, Jan. 1, 1904, was a holiday, and the Bank of Commerce was unable to serve its notice in the clearing-house until the morning of Jan. 2. At the same time checks for an amount near $102,000 were presented to it by the Park Bank, and these were taken up. After charging this to the account of the Staten Island Bank, the balance of the cash and bills receivable held by it were offered back to the receiver of the Staten Island Bank, which instituted the present action, asserting that the Bank of Commerce should not have paid the checks, although there was no allegation of bad faith on its part in the matter.

Ex-Judge Parker recommends a judgment for the defendant, the Bank of Commerce, saying, in part:

"The defendant, as soon as it received the information, on Dec. 31, 1903, that the Superintendent of Banks had taken possession of the Bank of Staten Island, gave notice to the members of the association in the manner provided by its rules and regulations, of the discontinuance of the arrangement of clearing for such bank. Such notice, however, could not take effect until the completion of the exchanges on the morning of the first business day following. There is no pretense that the defendant had any suspicion of the condition of the Bank of Staten Island prior to its being informed that the Superintendent of Banks had taken possession. It gave the notice, therefore, as soon as it possibly could; which was after learning that the bank it was representing was in trouble. And it had no more right, in view of its engagements with its associate members in the clearing-house association, to refuse to pay checks presented in the clearing-house on the morning following the giving of the notice, than it had to refuse to pay checks drawn upon it by its depositors.

In paying the checks, therefore, it did only what it was bound to do, and could be compelled to do. It did, however, seek to minimise the number of checks it would be obliged to redeem the following business day, by requesting members of the association not to accept checks drawn on the Bank of Staten Island. More it could not do."

SHOULD HAVE BEEN IN THE BANK.

PEOPLE sometimes lose money through bank failures, and quite frequently they lose it by not trusting the banks. Here seems to be a case of the latter kind, as told in the newspaper despatches from Katonah, N. Y., under date of December 26:

Thaddeus C. Green, a contractor, has notified Sheriff Merritt that his mother, Mrs. Hester Green of Katonah, was robbed of $5,500 on Christmas Day. Mrs. Green keeps the Katonah Hotel, where contractors and engineers on the watershed work board. According to Mr. Green, one of the young men learned where his mother kept her money and jewelry, and while the family were eating their Christmas dinner the robbery took place. The booty consisted of $2,500 in jewelry and $3,000 in gold coins which Mrs. Green had been saving for years.

PENSIONS FOR RAILWAY EMPLOYEES.

OFFICIAL announcement was made by the Atchison, Topeka and Santa Fe Railway Co. that on January 1 a pension policy would be put in operation, embodying the following provisions:

A minimum pension of $20 a month; the fixing of the age at which compulsory retirement is provided for at seventy instead of at sixty-five years; no bar is placed to the age at which the railroad company will hire an employee originally; a continuous service of fifteen years with the company is all that is required to entitle the employee to a pension. The pension rate is so graded that the small salaried employee gets the highest relative pension and the high-salaried man cannot obtain more than $75 a month.

RESTRICTING SURETY COMPANIES.

SECRETARY SHAW has issued a circular in which he states that hereafter no surety company shall be accepted under the provisions of the Act of Congress, approved on Aug. 13, 1894, as sole surety on any stipulation or bond in which the United States is interested, for an amount greater than ten per cent. of its paid-up capital and surplus, unless such company shall be secured as to any excess by reinsurance to the satisfaction of the department. Two or more companies may be accepted on any bond, the penalty of which does not exceed ten per cent. of their aggregate paid-up capital and surplus.

PRACTICAL BANKING

OUGHT BANK CLERKS TO BE GOOD-NATURED?

BY J. H. GRIFFITH.

IN banks in large cities, where there are tellers and clerks to transact all sorts of business, the good or ill nature of a teller or clerk has very little influence upon the patrons of a bank; but in towns where one man transacts practically all the business of the bank with its customers, it is a matter of very great importance.

The extremes are the austere, crabbed, quick-tempered clerk, who makes a customer feel that he must beg the most trifling favor, and the good-natured, easy going clerk, who apparently cannot do too much for the customer.

Probably the ideal bank clerk is the golden mean between the two extremes—the man who can be hard-headed with those who seek to impose on the bank and agreeable to the reasonable customer. Such men are, however, scarce and it may be worth while to consider which of the two extremes make the best bank clerk.

The teller who is dressed immaculately and who only recognizes a patron with a stately nod, and who severely reprimands the little boy who fails to ask for change in just the denominations he wishes, is often cordially detested by the patrons of the bank, and yet may not be such a bad representative of the bank after all. The crabbed, quick-tempered clerk, who keeps the customers at arms' length, saves the bank a lot of time and money. He never makes out deposit tickets for customers and takes no responsibility in any way. Having no desire to be agreeable, he is never talking about the weather or business when he should be examining checks or counting money. Everybody who has business with the bank gets through with it as soon as possible and rather than ask for a trifling favor, such as a postage stamp or the change of a dollar, they will walk half a mile. They will see that their deposit slips are made out, or their checks drawn exactly right; their bills are all laid one way and the change neatly rolled or put into envelopes. In short, they are in such a state of fear that they all feel relieved when their deposit is entered on their pass-book and they leave the bank. Such clerks are valuable to the bank, for they rarely make mistakes.

The pleasant-faced, good-natured bank clerk makes every one feel at home. Even the children like to run to the bank for change. He sympathizes with the merchant when business is dull and takes the bank's time to explain the intricacies of a check or draft to the farmer who has one perhaps for the first time. He makes out deposit tickets for ladies or children and accepts bills however mixed up or badly arranged. He will change and re-change bills and endeavor at least to cash checks in bills of convenient denominations. The unfortunate thing, however, is the fact that while he is doing these things—making himself and the bank popular—he is often wasting the bank's valuable time and making more or less costly mistakes. He is encouraging customers to go to the bank whenever they want a dollar bill changed, free legal advice or even sympathy in their business troubles. Such men attract men, women and children to the bank, but unfortunately among them are often included crooks who look upon easy-going, good-natured clerks as easy marks.

As between the popular and the unpopular clerk it is rather hard to choose from the employer's standpoint. There is, however, a sort of bank clerk who should never be permitted to hold this position. It is the hypocritical, would-be aristocrat, who is all smiles to the rich, influential director and the well dressed lady patron of the bank and who browbeats and often openly insults the scrub woman with her weekly pay-roll check, or the ragged little urchin who wants change for a dime, to get his pay for a newspaper. Such men are a disgrace to any bank, and however they may disguise it the public soon recognizes the fact that they are not gentlemen no matter how well dressed or polished their manner may be.

A really valuable bank clerk, who comes in direct contact with the public, must be at heart a gentleman. He should put himself, in imagination, in the place of the customer and treat others as he would like to be treated himself. It takes an immense amount of tact and patience to wait upon a long line of customers, each one of whom presents a problem of his own. There are shorts and overs, counterfeits and improperly drawn deposit tickets and checks, until the poor teller is well-nigh distracted. But with it all the successful clerk must remember that oil rather than sand makes machinery run smoothly.

THE POSTAGE-STAMP ACCOUNT.

ONE of the ways in which a bank frequently loses money is through the manipulation of the postage-stamp account by an unfaithful employee. Conversation with a number of expert bank examiners has revealed the fact that the employee who schemes to defraud a bank will resort to this account in the belief that it is so small an item that it will likely escape attention. The experienced bank examiner, where there is suspicion of any wrong-doing among the employees, very often looks for the trouble in this direction.

It has been suggested by the Merchants' Association of New York City that an effective way to prevent clerks from taking stamps belonging to their employers would be for the Post Office Department to permit the firm to perforate the stamps with its initials. This would make it impossible to sell such stamps and would prevent their being stolen. This would be of some advantage to banks where the loss may be traced to taking the stamps directly, but where the loss is occasioned through a manipulation of an account, such a device would not cover the case.

EDUCATING PEOPLE TO BECOME DEPOSITORS.

THAT banks fail to secure as depositors many persons who could well afford to lay by small sums occasionally is well known. How to bring this idle money into the banks was considered in an address before the recent annual convention of the Nebraska Bankers' Association, by Carson Hildreth, president of the Franklin (Neb.) State Bank. Mr. Hildreth said:

"Incumbent upon the banker is one of the most potent and important economic functions in modern conditions, and that is the gathering up of the surplus earnings of the people and throwing them back into trade and into the development of the industries. This can be fully done only by educating the people to understand the profit to the banker of their small deposit and the economic value to the community of their deposits in the aggregate.

If it be said that the people are thoughtless or selfish in the hoarding and secreting of their funds, then the banker's problem is to educate them to realize their interest in the banker and their obligation to the community. But they are not, at least in the agricultural district to which my experience is limited, selfish. The most serious charge that can be brought against them is that they may not fully realize their relation to the banker and community. Over against this mild indictment they must be credited with a willingness to properly fulfill these relations when they understand their friendly obligation to the banker and their economic obligation to the community.

About a year ago I made a test of the fact just stated by sending out a circular letter in which appeared the following paragraph:

'The bank appreciates small accounts. Do not carry the money around in your pocket but put it in your deposit at the bank each day and check it out as needed. Men often carry money in their pockets without thinking of the benefit it would be to the bank. If 100 men who carry $20 each in their pockets would all keep this deposited and check as needed, it would mean $2,000 additional deposits for the bank. There are many thousands of dollars to-day in the pockets and in the homes of our friends that would be of value to the bank and to the community if it were deposited in the bank and put into circulation in the community. Much of this idle money is not purposely withheld, but it is because these friends have never thought of the bank and community side of it. I cordially invite you to carry an account with us however small it may be. This will be of value to our bank and of benefit to the community.'

For days and weeks following the sending out of the above circular letter men continued to drop into my bank and make $20 deposits. The response became so pronounced that it touched a tender spot and made me feel a closer relation and greater obligation to my depositors because I saw in this response a genuine friendship for my bank and a desire to subserve the general community interests."

GERMAN BANKS IN THE ORIENT.

CONSUL E. L. HARRIS, in a report from Chemnitz, says that the German Orient Bank in Berlin has just recently established branches in Hamburg, Constantinople, and Alexandria.

It is also announced that further branch establishments will be founded in other cities of the Levant when the same are necessary. It is the intention of the bank to form a network of banking houses not only in the Levant, but in Greece and Egypt as well, for the purpose of pushing German trade. These institutions will make it their business to give information concerning the credit standing of business firms in the Orient. Good agents and representatives will also be recommended upon request. In this connection the Orient Bank in Berlin has asked the Chemnitz Chamber of Commerce to furnish names of all the firms in this district doing business with the Levant, so that the question of enlarging markets and the various kinds of products adaptable for oriental trade might be discussed.

BOOKS FOR BANKERS.

THE Editor of THE BANKERS' MAGAZINE has compiled a list of books especially suited to the needs of bankers and financial students. It includes the principal standard works on money, banking, political economy, corporations, etc., and will be found helpful in aiding bankers and organizations of bank clerks in selecting books for a financial library. The Editor of the MAGAZINE will be glad at any time to offer suggestions as to the character of any of the works; or, if desired, will recommend books suitable to meet special requirements.

The compilation of this list of books represents, in part, the efforts being made by THE BANKERS' MAGAZINE to be of practical service to its readers. Co-operation from bankers or publishers in adding to or otherwise improving the list will be cordially welcomed. This is the first extensive compilation of the kind ever made, and it will be found useful for reference. The catalogue has been issued in pamphlet form, and a copy will be sent free on request.

THE PROGRESSIVE BANKER.

ONE of the most important questions that a banker has to consider is the attitude of himself and his institution toward the community. Much of the success of a bank—practically all of it, in fact—depends upon the choice between progressiveness and ultra-conservatism. Some of the characteristics of the progressive banker were set forth as follows in an address delivered before the last annual convention of the Nebraska Bankers' Association, by CARSON HILDRETH, president of the Franklin (Neb.) State Bank:

"Bankers have changed. In earlier days the concern of the banker was carefully to guard the funds placed in his keeping and return them on demand; in these later days the bank undertakes to provide the means upon which businesses are created and by which the material affairs of the community are developed. Upon the intelligent conduct of the bank of to-day depends in a great measure not only the safety of the depositor as before, but the prosperity of the bank's patron and the welfare of the community.

Under the old banking conditions the depositor was given the chief thought, under the new banking conditions the borrower is given equal care. Banks and bankers are to-day important factors in the economic development of the community.

A tribute to the conservative banker of the past; but the word 'conservative' is no longer a term with which to conjure. Its value in idle boast is lost. 'Conservatism' no longer means caution and fear. Heterodox! No, there is rather a new orthodoxy growing up. Conservatism to-day means progressive conservatism; it means intelligent aggressiveness; it means the comprehensive grasp and the Titan's power behind it. We must give our old reliable friend, the conservative banker, a new title—the progressive banker.

The progressive banker must have all the qualifications of the old-time conservative banker—caution, thoughtful and intelligent care, courage, and character, but he must add to his qualifications aggressiveness. He must enter the arena of affairs. It is not left open to him to be aggressive or not aggressive. The banker of to-day must be aggressive—not with the selfish purpose of contending for business, but that his bank may fill its economic place in the community and justify its right to be. Further, he must be aggressive that the natural necessary interests of his bank be conserved. It is a bank necessity.

*   *   *   *   *   *

To sum up, the progressive banker is a banker who recognizes the economic relation of his bank to the community; who looks upon his bank as a clearing-house, a public institution established and maintained to daily meet the public needs, and hence loses sight of his personal ownership; who regards himself as a public official, as a steward handling and protecting the public funds; who aggressively enters the field of business activities, not to take business from rival banks, but to create and develop new business; who is conscious of his personal obligation to public interests; who, while first safeguarding and conserving the sacred interests in his hands of both depositor and stockholder, devotes time, energy, and money to public affairs; who is not forgetful of the needs of the bank's constituency; who has ability and judgment, supplemented by integrity of life; who emphasizes good citizenship; who is willing to share in the financial, moral and political demands of his community and state and throw his personal influence into the equation for public and private good; who attends bankers' conventions and keeps abreast of the best banking customs and thought."

ROCKEFELLERS ARE ABSTAINERS.

THE Young Men's Bible Class of the Fifth Avenue Baptist Church, New York city, of which John D. Rockefeller, Jr., is the leader, held its tenth annual banquet recently at the Broadway Central Hotel. Ice water flowed freely and Mr. Rockefeller told why he was a total abstainer. He said:

"To drink a glass of beer is not in itself more harmful than to eat some kinds of indigestible food. The single action is not a sin, but it is the abuse that the first glass leads to that is the sin. I believe not only in temperance but in total abstinence, and this for two reasons. First, because both my father and his father as well as my mother's father were strictly temperate; second, my mature judgment is that while there may be no harm in one glass that one glass may lead on to more. Therefore, I say that one glass is one too many."

A BILLION OF BONDS.

AT what is described as a dinner of representative business men at St. Louis near the end of last year, a speech was made by Congressman Bartholdt proposing that the Government issue $500,000,000 in bonds to aid in the improvement of internal waterways. This proposal was received with marked enthusiasm, but in the resolution which was adopted the Congressman's proposal was amended by making the amount of bonds to be issued a round billion instead of only $500,000,000. When these bonds are issued the national bank circulation can be increased to an equal amount. With a billion dollars of bonds and a billion dollars in new "money," who can set any limits to the country's prosperity?

The improvement of our internal waterways is a praiseworthy object, but it can be done, perhaps a little more slowly yet at a less cost without issuing Government bonds to pay for the work.

SAVINGS BANKS

POSTAL SAVINGS BANKS.

EVERY time there is a bad bank failure, like that of the Farmers and Drovers' National Bank of Waynesburg, Pa., there is a renewal of the demand for a postal savings bank. Of course, one bank failure ought not to cause a general distrust of banks, but when the failure is a particularly bad one, it undoubtedly causes more or less apprehension. A postal savings bank would not have anything to do in decreasing the number or severity of failures of commercial banks, but it would provide a safe place for the deposit of the savings of the poor. In some of the states where savings bank investments are carefully guarded, this safety has been attained already, and measurably so in most of the states; but in some instances the depositor must depend for safety upon the judgment exercised in selecting a bank in which to place his money—and sometimes his judgment is at fault. In an address before the recent convention of the Nebraska Bankers' Association, Carson Hildreth, president of the Franklin (Neb.) State Bank, had the following to say of the postal savings bank scheme:

"I hasten to disclaim self-interest in discrediting a postal savings bank system. It is not a question whether such a system would work an injury to the present banking interests, but whether it would in its entirety benefit or injure the community interests.

In passing, I may say that a postal savings bank system is a paternal system and the Government should no more go into the banking business than it should go into the mercantile business. If it be said that the Government is already in the banking business in its Postal Money Order Department, I reply that the transmitting of funds from point to point is but an incident in the banking business.

A postal savings bank system would be the greatest economic mistake this Government ever committed. What matters it if Wales, Italy, Austria-Hungary, Sweden and Russia adopted postal savings banks back in the 70's and 80's? The government of many of these countries is paternal; ours is not paternal. The industrial, social and political conditions in those countries are not the same as in our country. The fact that these countries long ago adopted the system, in the light of their limited economic development, instead of auguring for such a system, condemns it.

A postal savings bank system, such as proposed in the various bills before Congress, if successful, as their advocates hope and expect, would gather up the multitude of small amounts in our various communities and take them off into distant places for investment. Carried to its logical end the earnings of a community would never find their way into our local banks to be turned back into the activities of the community.

Incidentally, most of these bills provide that the deposits shall not be subject to taxation. Why should we take this much wealth out of the taxable property of the community and thus double the taxation on the property of those who did not patronize the Government bank? Most of these bills provide that the deposits shall not be subject to legal process of law. Why should we want to put a handicap on the business matters of our communities? Why should we seek to create and encourage an irresponsible class of men and enable them to put their property beyond the reach of their just debts?

However, saying nothing of these bills before Congress, the principle of the postal savings bank system is wrong. First, the earnings of a community should remain in the community and be used in the trade and in the development of the community. None of the plans proposed, so far as I have learned, contemplate either leaving the funds in the community or loaning them in the community. The Government as a matter of fact could not safely to itself and satisfactorily to the people conduct loan departments in local communities. If our economic and financial affairs were on a cash basis and not at all on credit, then perhaps the loan features of a Government bank system could be disregarded; but we are not on such a basis and never will be. The larger part of our wealth is created on credit and it would be industrial suicide to go to such a basis.

The Government system would take the deposits from the local banks, raise the rates of interests which the people would have to pay, and even render the local banks unable to fully meet the demands for loans. It would destroy the present provision against emergencies continually arising amongst people of all classes, and take away the possibilities to the people of the extensive and profitable use of loans for their investments.

The Government would be taking a position as inimical to the interests of our agricultural districts of Nebraska as are the great mail order houses to the ultimate welfare of the farming districts of the West. The mail order house principle pushed to its limit would close up the country store, destroy the country town, reduce the selling price of the farmer's land, isolate his home, and in general react upon the interests of the patron of the mail order house of the distant city. The Government savings bank system is a parallel case.

Second, educate the people to carry their earnings to the Government depository to be sent away out of the community and you educate them to be distrustful of their neighbors, their friends and their home bankers; you dwarf their local patriotism and put them out of sympathetic touch with home interests. The principle is wrong.

A postal savings bank system would retard the growth, check the development and limit the prosperity of the community. It would destroy the energies, stifle the ambitions and paralyze the activities of our people.

A postal savings bank system would have just two virtues: first, it would assure perfect safety to the depositor; and second, it might in a measure encourage saving and thrift. Whatever our present banking system lacks of these two virtues can be supplied if our bankers will realize the necessity and engage their efforts to evolve the remedy.

Why should not the bankers of our state, under the authority of this association, work out the solution of this and other important financial questions, carry the recommendations to our state legislature and to the American Bankers' Association, and justly earn the name of the progressive bankers of Nebraska."

WITHDRAWALS FROM SAVINGS BANKS.

THERE is no doubt that the speculation in real estate and in mining shares has been responsible for withdrawals from the savings banks of considerable sums in the past few months. In this connection the following from the annual report of the Superintendent of Banks of the State of New York will be found of interest:

"Data were collected by me in October, showing the record in these respects from July 1 to October 1, 1906, in comparison with the same months in 1905, for thirty-odd of the largest savings institutions in the boroughs of Manhattan and Kings in New York, and in four or five up-State cities. The figures in aggregate were:

Total deposited, 1906	$73,686,993.53
Total deposited, 1905	72,844,285.92
Excess of deposits, 1906	$842,707.61
Total withdrawn, 1906	$83,340,163.09
Total withdrawn, 1905	73,653,017.91
Excess of withdrawals, 1906	$9,687,145.18"

Hard times do not account for these withdrawals, for labor has been fully employed at exceptionally good wages. It is reported by the Superintendent of Banks that thousands of pass-books were pledged to trust companies for loans for realty transactions.

RISE IN SAVINGS BANK RATE.

BETTER earnings in the past year have enabled several of the New York City savings banks to increase their dividend rate from 3½ to four per cent., the German, the Metropolitan and the Bowery Savings Bank being among the number to increase their rate.

BANKING PUBLICITY

ADVERTISING A COMMERCIAL BANK.

BY D. C. WILLS,

CASHIER DIAMOND NATIONAL BANK, PITTSBURGH, PA.

THE question of pertinent publicity, which in results means profitable bank advertising, for a bank, is apt to provoke much discussion and quite a difference of opinion. When we embarked upon a modest campaign for our bank, the point first considered was, "What argument could we make in favor of our bank that could not be applied to all good banks?"

It is true that we have a large surplus, but so have other banks. However, we are the only large bank in our end of the city, and we brought this fact forcibly to the attention of the business public in the district, directing notice to our new office-building, which without doubt had enhanced business in this section, thus in a measure entitling us to consideration. Ads in the daily newspapers, with a mailing list covering the district we wished to reach, have been satisfactory business-bringers.

The Diamond National Bank of Pittsburgh is the only one of that name in the world, and by the adoption of and use of a significant emblem (a black diamond) on all our stationery and advertisements, we have familiarized the public with our "trademark." An emblem loses most of its value unless it is appropriate and pertinent.

During the last three years our deposits have steadily increased, and on the principle that "nothing succeeds like success," we have emphasized our growth. Perhaps this has been the burden of all our recent literature.

In a mercantile bank where all new depositors must be introduced or vouched for, it is difficult to estimate the value of publicity or determine the medium or method that is most effective. Except in the case of correspondence, influence is subtle rather than direct.

In the preparation of copy for advertisements and matter for letters or literature, it must be paramount in the mind that one is aiming to convince the public. Sidetrack all thoughts of tickling your own vanity, or even producing something that will be satisfactory to your competitors.

Dignified and original, conversational and convincing, should be the character of the matter used by the successful bank advertiser. Get out of the beaten paths, both in copy and methods. Of the quartet of qualities mentioned, originality is the most powerful. A famous baseball player explained his high batting average by saying, "I hit 'em where they ain't."

Banking is an interesting business. In earlier days, when bank advertising was scarcely considered, banks used to issue "rules for banking," what to expect, what to avoid, and kindred suggestions. The writer is of the opinion that a modified form of that same kind of publicity would be effective today. Instead of using good ink in offering inducements, it could be diverted to combating prejudices and erroneous impressions which exist about the banking business in general, and perhaps concerning your own bank and its management in particular.

Short treatises containing inferential arguments along the lines necessary will be read and prove effective. The arguments should be somewhat concealed, for if too apparent they would lose most of their force. Truly, he who looks after the advertising for a bank must be versatile and resourceful.

PRINTERS' INK, LIKE ARTISTS' COLORS, MUST BE MIXED WITH BRAINS.

The institution over which I have the honor to preside inhabits an elegant building which has been built out of the proceeds of condensed printers' ink; spread thinly upon white paper, and distributed partly by newspapers and partly by Uncle Sam's letter-carriers.—Benj. I. Cohen, president of Portland Trust Company of Oregon.

IT is not to be inferred from the foregoing that the head of "The Oldest Trust Company in Oregon" has found a royal road to business success through advertising, by which anyone may reach the goal if he will but pay the tolls exacted along the way. All the literature which emanates from his company is proof most positive that something far different from mere perfunctory or hap-hazard or indiscriminate use of the fluent medium is the kind that brings success. It all possesses the rare qualities of attractiveness in form and construction, and originality and interest in wording, which distinguish the high-grade and profitable advertising from the "stale and unprofitable."

The publications before us comprise a number of tasteful cards, folders and booklets, among them one consisting of "Illustrations"—not engravings, but graphic word-pictures of what this man and that has done by using the facilities extended by the Portland Trust Company of Oregon; another setting forth the features and advantages of the women's department; another giving a popular description of "What is a Trust Company?" and yet others, not dealing in glittering generalities, but each describing some particular feature of the trust company's usefulness to the individual and the community.

There are also a variety of specimens of the company's well-worded and catchingly-designed ads in the local newspapers. All of which goes to show, not merely that Mr. Cohen appreciates the full value of printers' ink, but that he and his trained lieutenants are masters in the art of using it.

UNION BANK AND TRUST COMPANY OF MONTANA.

OUT of the beaten path, of novel and tasteful design, is an eight-page folder issued by the Union Bank and Trust Company of Montana at Helena, containing its statement of condition and a list of its officers and directors.

THE SAVINGS BANK

Is in a sense the kindergarten of the school of finance. But when we view money in Savings Banks solely as an investment the proposition presents many attractive features.

A good, strong, conservative savings bank is about as strong a financial institution as exists. Yet savings banks pay a larger interest than Government Bonds.

THE COHOES SAVINGS INSTITUTION

Remsen St., cor. Seneca, allows 3½ per cent. interest per annum, computed from the first of each month, payable January and July 1.

ACCOUNTS OPENED BY MAIL.

Stop and Reflect

The yearly unnecessary expenditures of the average person would make an excellent savings account.

Think what it would amount to in a few years if deposited in this bank at compound interest.

A little self-denial NOW and you can make the start.

Accounts may be opened for one dollar or more.

Open Saturday Evenings

IOWA STATE SAVINGS BANK

405 PEARL STREET.

In Time of Peace Prepare for War

From the beginning of life to the end it is one continual warfare—from the school boy up to the successful merchant.

The war ceases when the man has, by beginning early and taking good care of his earnings, saved enough money to be independent.

Hundreds of such people started with us many years ago with a small account, and are today living on the income of their Savings Accounts.

DEPOSIT YOUR SAVINGS WITH THE SLATER TRUST COMPANY. WE PAY 4% INTEREST.

We have over 9000 depositors, and a total deposit account of over $6,500,000. Paid depositors last year $182,155.94 in interest dividends.

Send today for our Banking by Mail Booklet.

SLATER TRUST COMPANY,

Established 1855. PAWTUCKET, R. I.

NO MAN IS POOR

WHO PUTS HIS SAVINGS REGULARLY IN

The Citizens' Savings Bank

CHAMBER OF COMMERCE BUILDING.

Pres., R. H. Fyfe. Vice-Pres., Thomas Berry.
Cashier, F. F. Tillotson.
Asst. Cashier, F. J. Kirts. Asst. Cashier, Stuart A. Fraser.

This Bank Is Six Months Old To-day.

All Savings Bank Records Broken

It is a significant fact that during the first six months of its career the volume of this bank's business has exceeded that of any Savings Bank heretofore established in Washington. Following is the monthly statement of our deposits

Watch Us Grow!

	Deposits
June 30	$23,484.42
July 30	$39,445.86
Aug. 30	$48,256.88
Sept. 30	$73,053.82
Oct. 30	$80,276.52
Nov. 30	$116,727.75

☞ Deposit your funds here where they will earn interest, and let your income grow with a growing bank

CITIZENS Savings Bank

Conservative Management. IT'S SQUARE Government Supervision.

1406 N. Y. Ave. Bond Building.

3% Interest on Savings Accounts.
2% Interest on Checking Accounts.

The Possession of Money

signifies power—it paves the way by which the ordinary man can help others and himself.

Therefore, it is perfectly proper that you should strive, within reasonable bounds, to accumulate it.

Deposit your surplus funds in the People's Saving Bank, where same will draw 4 per cent interest, and the temptation will not be so great to squander that which you will need in future years.

4 Per Cent Interest Paid on Savings Accounts.

PEOPLE'S SAVINGS BANK

DES MOINES, IOWA.

Capital, $100,000. Surplus and Profits, $75,000.

Michigan Savings Bank

OF DETROIT.

CAPITAL $250,000.00 SURPLUS $125,000.00

BANK ACCOUNTS

This bank desires to serve a larger number of depositors with whom it can have close personal relations, and solicits the accounts of firms, corporations or individuals.

153 GRISWOLD ST., COR. LAFAYETTE AVE.
Branch—Cor. Michigan Ave. and Thirty-fourth St.

INTEREST PAID ON DEPOSITS

Let The Wife Try

Some men cannot save, but the family prospers because the wife keeps a savings account and deposits its every dollar she can spare from her allowance with now and then a larger sized bill.

Many homes are saved and paid for because the wife realizes the necessity of laying aside part of the family income against the day of need.

Several hundred ladies carry accounts with this bank, and it is our pleasure to extend our lady depositors every consideration and courtesy.

We pay 4 per cent interest compounded semi-annually.

Let Your Savings Work, Too

DES MOINES SAVINGS BANK

Northwest Corner West Fifth and Walnut

DOLLARS To Any Amount

Deposited with this bank will make a practical Christmas Gift for Wife, Son, Daughter or Friend.

Money deposited in their name will make the Christmas a joyous one. Remember the little ones with ordinary Gifts—the older ones with DOLLARS—which will grow with the 3 per cent we pay.

THE DIME SAVINGS BANK,

Cor. Fort and Griswold Streets.
1174 Jefferson Avenue. 1481 Woodward Avenue.
DETROIT, MICH.

SUGGESTIONS FROM CURRENT ADVERTISING.

PEOPLES BANK, CARUTHERSVILLE, MO.

THE Peoples Bank of Caruthersville, Missouri, issued under the title of a "Thanksgiving Message to Our Patrons" a unique statement of condition on November 12, in which the various items of assets and liabilities are pointedly elucidated and explained, and the figures are compared with a similar statement of a year ago, showing an increase of nearly $45,000 in resources, on a capitalization of $50,000.

The circular is cleverly written, but an important omission is the absence of anything to indicate the town or state from which it emanates, while the name of the bank itself does not appear until barely mentioned near the bottom of the page in the running text.

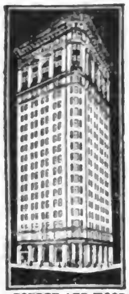
Although statements of this character are intended mainly for local distribution, there is no telling how far and wide any one or more of them may fly, and sometimes business from an unexpected source results. It is always well to have the name of the institution prominently identified with all of its literature.

NATIONAL BANK OF THE NORTHERN LIBERTIES, PHILADELPHIA.

THIS well-known institution with nearly a century's business record has issued a neat morocco-bound pocket-diary for 1907, containing a street-directory, list of legal holidays, postage-rates and other useful reference-information. The little book is prefaced by the bank's statement of condition and list of officers, and its pages are interspersed with terse sentences by way of injunction or reminder, such as "The National Bank of the Northern Liberties meets competition, but not to the point of unsafe banking;" "holds its friends by fair treatment;" "instructs its staff to regard the bank's repute before its profits;" "has the unusual record of having had four generations of one family in its management;" "invites accounts of every class," etc.

CITIZENS SAVINGS AND TRUST COMPANY, CLEVELAND.

"CLEVELAND, Ohio, the City of Banks," is the caption of a finely executed birdseye illustration at the head of a well-worded circular briefly but pointedly setting forth the Lake City's attractions and resources. A modest supplementary paragraph informs the reader that "the Citizens Savings and Trust Company of Cleveland is the largest and oldest trust company in the state of Ohio; it was established in 1868, and has been conducting a conservative banking business for thirty-eight years; its funds are invested in real-estate mortgages, high-grade government securities and gilt-edged collateral loans; no money being loaned on endorsed or commercial paper." It is a forceful example of the strong but indirect appeal for banking business.



FOURTH AND WOOD.

Armor Plate Security

Security lies behind the massive doors of the Steel Armor Proof Safety Vaults in our New Building—security for your valuable papers, jewels, heirlooms—as well as security of mind. These vaults are impregnable against the assaults of the elements, or human artifice.

Union National Bank,

(Temporary Quarters)

217 Fourth Ave., Pittsburgh, Pa.

Capital ....$ 600,000.00
Surplus and Undivided Profits....$5,165,000.00

NEW BUILDING NEARLY READY FOR OCCUPANCY.

Consistently adhering to legitimate commercial banking, confining its loans to manufacturers and handlers of salable merchandise.

THE NATIONAL BANK OF THE REPUBLIC

located in the heart of the business district at the northeast corner of La Salle and Monroe Streets, offers to business men the advantage of its facilities, developed and perfected by fifteen years of successful service to depositors.

PILING UP DOLLARS

STACKING up the dollars is a fascinating game. Once you get interested in it you will wonder why you never engaged in it before. If every person of spendthrift habits really knew what a satisfaction there was in having a growing bank account this would be a happier world. We receive deposits of $1 and upward, and pay four per cent. interest. Start an account in our SAVINGS DEPARTMENT today.

Capital City State Bank

Bank Building, East Fifth and Locust Streets.

Total Resources $1,550,000. Open Saturdays 5 to 6

Would You Make Life a Success?

Benjamin Franklin, one of the most remarkable men that this or any other country ever had the privilege to honor, said: "Be honest, industrious, save your money, and don't want much."

It is not what you earn, but it is what you spend, that determines the size of your cash balance.

Keep your cash balance where it will be safe, and where it is protected by more than $3,300,000 of capital resources.

The Hartford National Bank, 58 STATE STREET

Executor and Trustee

The Boston Safe Deposit & Trust Co. (Capital and Surplus $3,000,000) may be appointed your Executor and Trustee, thereby obtaining for you a permanency of office and security at no more expense than where individual Executors or Trustees are appointed.

Correspondence and Personal Calls Welcomed

CHARLES E. ROGERSON, President

87 Milk Street, Boston

CAPITAL STOCK $1,000,000 | SURPLUS, $200,000

FORT DEARBORN NATIONAL BANK

U. S. DEPOSITARY | MONROE AND CLARK STS. | CHICAGO.

Checking Accounts of Corporations, Firms and Individuals solicited and will receive every favor and courtesy consistent with conservative banking. Interest paid on Certificates of Deposit.

OFFICERS

L. A. GODDARD, President
NELSON N. LAMPERT, Vice President — HENRY R. KENT, Cashier
CHAS. FERNALD, Assistant Cashier — COLIN S. CAMPBELL, Assistant Cashier

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CAPITAL AND SURPLUS $5,000,000 — Established 1810. — ASSETS $35,000,000

The Bank of Pittsburgh National Association

Ranks with the nation's foremost financial institutions — Has served its customers faithfully in all banking matters for nearly a century.

American Trust & Savings Bank

CAPITAL, SURPLUS AND PROFITS, $5,000,000.00

The TRUST DEPARTMENT of this bank acts as Trustee under mortgage; Executor under will; Administrator under order of court; Guardian of minors; Assignee, Receiver or Trustee for Bankrupts; Registrar or Transfer Agent for Corporations.

OTHER DEPARTMENTS
GENERAL BANKING — SAVINGS — BONDS — SAFETY VAULTS

AMERICAN TRUST BUILDING
CORNER MONROE AND CLARK STREETS

Your Bank Account

Sometimes requires personal attention. It may be possible that improved arrangements can be made, thus redounding to your benefit.

An interview may be desirable, in which event we will be pleased to have you call upon us. Our facilities for transacting general banking business are unsurpassed.

The Market National Bank

FOURTH AND PLUM.

SUGGESTIONS FROM CURRENT ADVERTISING.

GUARANTEE TRUST COMPANY OF ATLANTIC CITY.

THE Guarantee Trust Company of Atlantic City, New Jersey, puts forth a great variety of publicity literature, all of a high order of merit. Besides an elaborate booklet with an artistically-illuminated cover describing and finely illustrating its building and banking-rooms, there are folders, blotters, circulars and little booklets, of highest quality design and execution, each dealing with a special subject, as for instance: "Saving Money;" "Safeguarding the Future;" "Making a Will;" "Naming an Executor;" "Abstract of the Intestate Law of New Jersey;" "A New Year's Greeting," etc., etc.

SEATTLE NATIONAL BANK.

THE Seattle National Bank, of Seattle, Washington, distributes to its customers and others a business card showing its report of condition made to the Comptroller on November 12. The statement is neatly printed on the finest quality of cardboard, and one of the rounded corners of the card is splashed with brilliant red, so that the recipient is bound to take a second look at it. Then he sees the figures, which tell a story that interests him. The obverse of the card gives a list of the officers and directors, with the statement that accounts are solicited and favorable terms granted.

GERMANTOWN TRUST COMPANY, PHILADELPHIA.

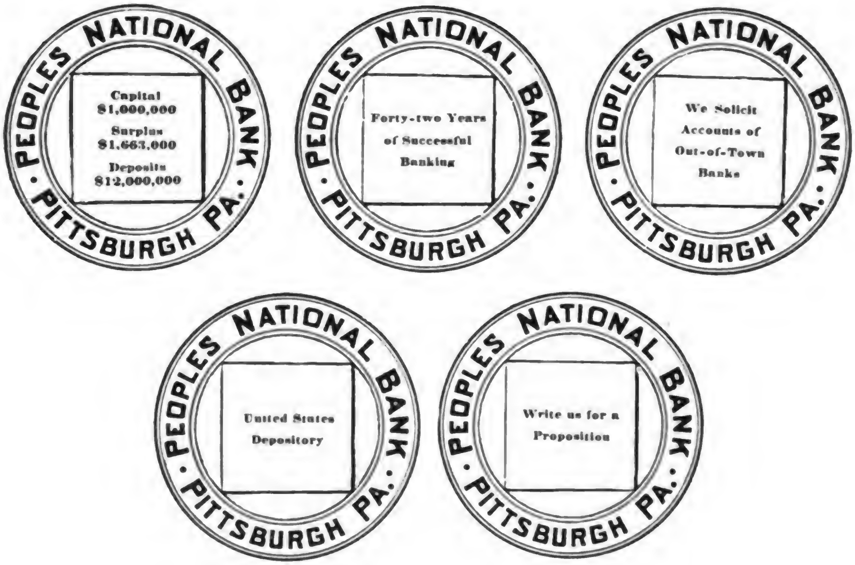
THE Germantown Trust Company of Philadelphia sends out a neat booklet descriptive of its resources and facilities, setting forth the rapid growth in deposits and general business since it opened its doors in 1889, illustrating its new and modernly-equipped banking-rooms, and describing their superior facilities in all departments.

SECOND NATIONAL BANK OF JERSEY CITY.

AN attractive calendar has been sent out to customers and friends of the Second National Bank of Jersey City, N. J. Under the management of President Samuel Ludlow, Jr., this bank is enjoying substantial prosperity. Its policy is, "Courtesy, Modernity and Safety."

READY-MADE BANK ADS

C. E. AURACHER, of Lisbon, Iowa, has issued his "1907 One Column Bank Ads," designed as samples and suggestions for newspaper publicity. The present collection contains a greater number of ads than did the 1906 book, and new features, including a number of two-column ads, giving a variety of type display and arrangement models.



A SERIES OF PITTSBURGH NEWSPAPER ADS.

AN APT QUOTATION.

"A MAN'S learning dies with him; even his virtues fade out of remembrance; but the dividends on the stocks he bequeathes to his children live and keep his memory green." This quotation from Holmes is a most fitting preface to a dainty booklet on "The Administration of Estates and The Running Account," which is among the scientifically prepared and elegantly printed publicity literature put forth by the Equitable Trust Company of New York.

IN DEFENSE OF PIE.

IN an address before the last convention of the Indiana Bankers' Association, E. V. Durham of Onarga, Ill., made the following stirring defense of American pie:

"A labor agitator summing up the difference between labor and capital said: 'It is not that the laboring class hasn't a sufficiency of warm and comfortable clothing, it is because you wear velvet; it isn't that the laboring man and his family have not a sufficiency of wholesome food, it is because you eat pie.'

We all like pie, and palsied be the hand, and hushed be the tongue that would do violence to this toothsome mass of indigestibility, the great American pie. To the end that ours may continue to be the nation, par excellence, of pie eaters, let us wish the farmer and his right-hand man, the country banker, well; for as it fares with them, so will it be with us all, well or ill."

LETTERS TO THE EDITOR

AN ASSOCIATION FOR INSURING BANK DEPOSITS.

San Pedro, Cal., December 10, 1906.

Editor Bankers' Magazine:

Sir: I enclose a rough draft of an idea for an association to insure bank deposits.

The insurance of bank deposits is a great question, and one that should be solved by the banks adopting some method for providing the insurance. The recent failures of some of the large banks have had a tendency to scare the public and make them look askance at banks. If this feeling is not allayed, the banks of this country will suffer. The only course to pursue in this matter is to restore confidence to the public, and the only method is the insurance of deposits.

The idea that I have outlined will afford a thorough insurance, and at the same time, by being a mutual association, it will keep the cost down and also will be conducted in a proper manner. It would be insurance that insures.

If this idea appeals to you as being practicable I would like you to publish it. Perhaps it may start a movement to form a good solid deposit insurance company or association.

R. L. Angell,
Bank of San Pedro, San Pedro, Cal.

An association to be formed for the purpose of insuring bank deposits and conducting a general banking business with banks. The membership shall comprise all approved banks wishing to subscribe to the fund to insure bank deposits and also to share in the benefits of the association.

The capital stock of the association shall be the sum subscribed and paid in by the members, and shall be divided into shares of $100 each, par value, and shall be issued to members, one share for each $100 subscribed and paid in. The shares shall be non-transferable but may be redeemed by the association at the actual book value of such shares.

Each bank wishing to become a member shall make application and shall accompany such application with a sum of money. Such sum to be an amount one-fifth of one per cent. of the total amount of the deposits of such bank. The association shall, on receipt of the application for membership, cause an examination to be made of the bank applying and by an examiner to be appointed by the association. If the examination shall show that the applying bank shall be in good condition and perfectly solvent, the association shall then declare such bank to be a member and shall issue to it a membership card and stock in the association, one share for each $100 subscribed as membership fee. A membership fee shall be in an even $100 or any multiple thereof. If the one-fifth of one percent. of the deposits shall be an amount not a multiple of $100, then the membership fee shall be the next amount more than the one-fifth of one per cent. which shall be a multiple of $100; but no member shall pay in as membership fee nor receive stock in the association except as provided above. Dues in the association shall be one-twentieth of one per cent. of the deposits of the member, annually, payable semi-annually.

All banks becoming members must furnish the association full sworn statements of their condition on blanks furnished by the association, and also shall submit to an examination to be made of the member by an examiner appointed by the association, when such statement or examination shall be required by the association.*

In case of failure of any member of the association the association shall immediately take charge of the affairs of the member and shall close up the affairs by paying each and every depositor in such bank in full for all amounts due him from such banks and also all other indebtedness of the member. All assets of the member at the time of the failure shall immediately become the property of the association.

The association shall at all times keep on hand in cash or assets which may be immediately converted into cash at least 25 per cent. of the amount paid in by the members as membership fees. The balance may be loaned to members at a rate of interest to be not less than five per cent. per annum, provided however that no member shall borrow from the association at one time an amount more than ten per cent. of its (the members) capital stock and surplus combined and that no loan shall be made for more than six months.

The association may invest the remainder of moneys on hand in approved municipal bonds or bonds of a state or the nation or approved bonds of industrial corporations provided such investments are approved by at least fifteen of its directors.

Statements showing the condition of the association and the disposition of its funds shall be furnished to the members at least once a year.

Ten per cent. of the net earnings of the association shall be passed to a surplus fund until such fund shall equal the capital stock and such fund may be used only as provided for the membership fees. The balance of the net earnings may be paid to the members as dividends pro rata on their stock in the association.

The home office and principal place of business of the association shall be in New York city, with branches in at least three other cities, viz., Chicago, Ill., Denver, Colo., and Los Angeles, Cal.

The association shall be governed by twenty-five directors, to be elected annually by the members of the association, each member having one vote. The directors shall elect a president, vice-president, secretary and other officers necessary for the conduct of the association and shall fix the salaries to be paid such officers.

*When such examination or statement shall show that the member is engaged in acts or methods which are apt to result in its failure then the association shall warn such member that such acts or practices must immediately cease and if such member shall continue such acts or practices it shall be expelled from the association and its membership card revoked and its stock called in and cancelled.

THE NEW SUPERINTENDENT OF THE BANKING DEPARTMENT OF THE STATE OF NEW YORK.

GOVERNOR HUGHES has appointed Charles H. Keep, Assistant Secretary of the Treasury, as Superintendent of the Banking Department of the State of New York, to succeed Frederick D. Kilburn, resigned.

Mr. Keep was born in Lockport, N. Y., February 26, 1861. He graduated from Harvard College in 1882 and from the Harvard Law School in 1885, and thereafter practiced law in Buffalo. He had never held public office until appointed in May, 1903, by President Roosevelt,

CHARLES H. KEEP.

to be Assistant Secretary of the Treasury. While holding this office he has had general supervision of what are known as the "financial" bureaus and offices of the department. These include the Mint, the Bureau of Engraving and Printing, the Division of Bookkeeping and Warrants, the Division of Public Moneys and the Division of Loans and Currency. Mr. Keep was also designated by President Roosevelt to act as the head of the Committee on Department Methods, which has been conducting an extensive inquiry into the business methods of the various departments, and submitting recommendations for their improvement to the President. He was also appointed by the President the head of committees to investigate the purchase of typesetting machinery in the Government Printing Office, the crop statistical methods of the Department of Agriculture, and the accuracy of the agricultural census of 1900. For the past two years he has acted as treasurer of the American National Red Cross. Mr. Keep has been interested in and is a director of the following financial institutions of Buffalo: the Marine National Bank, the Fidelity Trust Company, and the Security and Safe Deposit Company. It is his intention to leave the Treasury Department and assume the duties of his new position about the 25th of January.

A WORD FOR WALL STREET.

SO much is heard in condemnation of Wall Street speculation that we are apt to lose sight of the fact that all the energies of the Street are not employed in this direction. That Wall Street plays an important part in carrying on the great legitimate enterprises of the country was set forth in a recent address by Mr. James B. Forgan, president of the First National Bank of Chicago. Mr. Forgan said:

"I am no advocate of nor apologist for speculation whether it takes place in Wall Street or in any other part of the country. I try, however, to be fair in my judgments, and it seems to me our friends in Wall Street are much maligned. In its makeup of bankers, brokers and other financial agents, Wall Street in no way differs from the great financial centres of other civilized countries and its record compares favorably with any of them. If there is a railroad to build, a mining property to develop, a manufacturing industry to organize, or any other improvement of unusual magnitude to be undertaken, we must look to Wall Street to finance it and we are seldom disappointed. But when in their efforts to help along the legitimate enterprises of the country they may occasionally put out our securities a little faster than the public can absorb them, we turn on them with vindictive abuse and hold them responsible for conditions for which we more than they are responsible, having benefited by, if we have not furnished, the over-issue of securities which caused the trouble."

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

NATIONAL BANK OF CUBA, HAVANA.

THE National Bank of Cuba is erecting in the centre of Havana a banking building that will be a model for similar institutions in tropical countries, having all the modern business conveniences and equipments, with the architecture especially adapted to the climatic conditions. It will be the tallest building in Cuba, its five stories being equivalent to seven or eight stories of the average business structure in the United States.

The National Bank of Cuba was the fiscal agent and sole depositary of the United States Government in Cuba, through which all insular and

EDMUND G. VAUGHAN,
President National Bank of Cuba, Havana.

other funds were disbursed, at the time of the organization of the Cuban Republic, and as this arrangement was confirmed by the Cuban Government, the bank has since continued to act in that capacity. According to the last annual report the stock of the bank is held in eleven principal countries of the world. Its directorate is composed of Americans, Cubans and Spaniards, representing the leading commercial interests of the country. It has a capital of $5,000,000, with surplus and undivided profits of over $700,000, and deposits aggregating nearly $14,000,000. Since 1903 it has regularly paid dividends of four per cent. semi-annually. The bank has twelve branches in the principal cities of the island.

Cuba has no currency of her own, the money circulating consisting of Spanish gold supplemented by French gold, Spanish silver and United States currency, each having its own distinct province, and the relation of one to the other subject to constant variation. For this reason the bank carries its customers' accounts in any of the three moneys, or with some of the larger companies one depositor may have three checking accounts. As Cuba sends the greater part of her products out of the country and buys her supplies in manufactured goods abroad—her foreign commerce amounting to something like $200,000,000 per annum—the bank's foreign exchange department is a very important feature of its business. The collection department is correspondingly large—at the rate of $4,000,000 per month through the head office in Havana, not including the branches.

The bank's new building in Havana will be a hundred feet in height, 120 feet in length by 75 feet in width, and is intended to be ready for occupancy by January 1, 1907. The frame is of steel, the floors being supported by over 400 columns, each thirty-five feet long with a diameter of thirty-two inches at the base, and the entire structure rests upon a foundation of 600 piles, driven in groups and capped with four feet of concrete. The cellar has a thick cement floor, then a layer of waterproofing, followed by another course of concrete and finished with tiling, making it virtually impossible for moisture to percolate through. But to provide for all contingencies and to make the building absolutely dry, perforated pipes have been laid, incased in rubble, leading to a catch-basin, which in turn is emptied by an automatically-operated electric pump. The building is constructed of Stevens Cast stone and will be finished in January.

The architect who has successfully overcome the many unique obstacles and difficulties which the location and building requirements developed is Jose Francisco Toraya of Havana. Purdy & Henderson, who are engineers for the new Wall Street Exchange and the new Plaza Hotel in New York. are the builders. The vault that will be installed is manufactured by the Herring-Hall-Marvin Safe Company of New York. An idea of its size and strength may be had from the statement that the door alone, nine inches thick and made of the highest quality of steel, will weigh from twelve to fourteen tons, and the interior dimensions of the vault are about thirty by twenty-one feet.

The National Bank of Cuba is a member of the American Bankers' Association, and the president of the bank is a vice-president of that organization. The officers are: President, Edmund G. Vaughan; vice-presidents, Pedro Gomez Mena, Samuel M. Jarvis, W. A. Merchant;

cashier, H. Olavarria; assistant cashier, W. A. M. Vaughan; secretary, W. H. Morales; New York secretary, Henry M. Earle; manager exchange department, F. Sonderhof; counsel, Oscar Fonts Sterling; auditors, Haskins & Sells, certified public accountants, New York.

The directorate consists of John G. Carlisle, former Secretary of the U. S. Treasury; Pedro Gomez Mena, wholesale dry goods, Havana, and Manchester, England; William I. Buchanan, former U. S. Minister to the Argentine Republic; Manuel Luciano Diaz, vice-president Havana

NATIONAL BANK OF CUBA, HAVANA.
New Building Now Under Construction.

Central Railroad, former Secretary of Public Works; Samuel M. Jarvis, capitalist, New York; Jules S. Bache, J. S. Bache & Co., bankers and brokers, New York; Edmund G. Vaughan, president; Ignacio Nazabal, president Sugars Company, Havana; Jose M. Berriz, vice-president Chamber of Commerce; W. A. Merchant, vice-president; and Thorvald C. Culmell, of R. Truffin & Co., exporters.

It is the policy of the management of the bank to erect banking buildings of uniform design for all its branches throughout the island.

CITIZENS' NATIONAL BANK, BALTIMORE.

THE history of the Baltimore banks is a record of financial enterprise linked to wise conservatism, and the combination has given the banking institutions of the Monumental City a fame for solidity and security that is world-wide.

The Citizens National Bank of Baltimore was organized as a state bank in 1849. Since that period of long ago the times have changed, and banks as well as other things have changed with them. Yet with all the innovations that progressive banking and general business methods have entailed, the Citizens is still doing business on the site where, more than half a century ago, its career began in an ancient double dwelling, of which the first floor was the bank, while the cashier and his family lived on the floors above.

But aside from its location there is little about the present modern institution that is reminiscent of its modest beginnings. As reminders

CITIZENS' NATIONAL BANK BUILDING, BALTIMORE.

of the early days there remain only an antique brazen fire-screen and a stately old-fashioned clock in the bank's imposing home, amid surroundings of Italian and African marbles and rich bronze, massive mahogany furniture, and all the paraphernalia of a great banking establishment,

THE OFFICERS' QUARTERS.

the whole interior touched here and there with the brilliance of cathedral-glass and gold.

The Citizens National building stands on the corner of Pratt and Hanover streets, and is exclusively devoted to the business uses of the

THE MAIN BANKING ROOM.

bank. The main banking-room is sixty by seventy feet, well lighted by large two-story windows, and as has been indicated, the fittings, finishings and furnishings make up an interior that is of the highest type of art and utility combined. The progressiveness of the institution has

THE DIRECTORS' ROOM.

been shown in its prompt employment of every new device calculated to facilitate the transaction of business. In 1869 it built the first new commercial banking house that had ever been erected in Baltimore, and it was the first local bank to use the time-lock and the telephone. Its home was rebuilt in 1902-3. Today it is equipped with electric adding-machines, steel filing-cases, book-trucks and every modern business device and improved system of accounting that can in any way help to keep its business up to the minute; while finely-appointed lunch rooms, lockers and lavatories for officers and clerks bespeak the care taken for the comfort and convenience of those upon whom the work of the bank falls.

The Citizens was a Government agency for the sale of bonds during the Civil War, and became a national bank in 1865. Its doors were not closed during the two weeks legal holiday proclaimed by the Governor of the State for the protection of business just after the great fire of 1904, and throughout the whole of that period it continued to cash checks and do business as usual. The growth of its deposits has been remarkably steady from the beginning, but within the two years following the fire they increased more than two millions. At the present time the aggre gate of deposits is nearly seven millions.

The Citizens National has a capital of $1,000,000 and $1,850,000 surplus and undivided profits. Dividends in excess of three millions have been paid to the stockholders since its organization. The officers are: John S. Gibbs, president; David Ambach and William H. O'Connell, vice-presidents; Albert D. Graham, cashier. The board of directors comprises James A. Gary, who was the bank's president until his retirement in 1899 to become Postmaster-General of the United States; Ruben Foster, president Chesapeake Steamship Company; John S. Gibbs, president; David Ambach, merchant; William H. Gorman, president Cumberland Coal Company; J. H. Judik, of R. M. Jones & Co.; Van Lear Black, of Black, Sheridan, Wilson Co.; William E. Hooper, manufacturer, William H. O'Connell, vice-president, and James E. Ingram, capitalist.

AMERICAN SECURITY AND TRUST COMPANY, WASHINGTON, D. C.

THE American Security and Trust Company of Washington was organized and incorporated in October, 1889, and chartered under Act of Congress in October, 1890. It is subject by law to regular examination under supervision of the Comptroller of the Currency, just the same as a national bank. Its capital stock of $1,250,000 was soon subscribed and the company opened its doors for business in a building on G street between Fourteenth and Fifteenth streets.

Work was soon started on a permanent home for the company on ground purchased for it at 1405 G street, one-half square from the United States Treasury building. This building was finished in December, 1891. The rapidly growing business of the company, however, soon demanded more space, and in 1894 a lot at 710 Fourteenth street, abutting on the rear portion of the new building, was bought and on this lot an addition was built, more than doubling the banking space. This addition had a separate entrance on Fourteenth street for the Women's banking department, which occupied the front portion of this wing. This marked the opening of the first department especially for women in any banking house south of Philadelphia.

In 1904 the board of directors decided to increase the capital of the company to $3,000,000. In the same year the demand for space to accommodate the growing business caused the directors to secure the site of the present building, the northwest corner of Fifteenth street and Pennsylvania avenue, opposite the United States Treasury Building and the White House. The erection of a new building was at once commenced and this was completed in December, 1905. This building is in entire harmony with the classical architecture of its dignified neighbor across

MAIN BANKING FLOOR.

the street, the Treasury Building, and with the building adjoining it on the west. It has been called the handsomest banking building in the United States.

The interior of the building is as beautiful and harmonious as the exterior. Surrounding the large and well-lighted public space are the officers' rooms and the windows of the tellers, the real estate department and foreign exchange windows. The ladies' department is near the entrance and has a room for the customers' use with teller window opening from it. Reached by a broad flight of marble steps or an electric elevator are the safe deposit vaults in the basement. Two men are on duty here for protection and expedition, and the adjoining rooms for both men and women are fitted with every convenience for the safe and private examination of papers and transaction of business.

PRESIDENT'S OFFICE.

The American Security and Trust Company, with its capital of $3,-000,000 and surplus of $1,600,000, is the strongest financial institution in the entire South, from Philadelphia on the north to St. Louis on the

SECRETARY'S OFFICE—REAL ESTATE DEPARTMENT.

west. Its growth has been gradual and steady. It has from the beginning confined its business within conservative limits, avoiding promoting or other speculative enterprises, and giving always particular attention to business of a fiduciary character, making its trust department of first importance. In consequence, an increasing number of persons of both small and large estate have selected the American Security and Trust Company to manage their property while living and to administer their estates after their death.

LADIES' BANKING DEPARTMENT

LIBRARY.

The board of directors of the Company is not only an exceedingly strong one, but an active one. It meets monthly and an executive committee of seven of its members meets weekly, carefully supervising and directing the affairs of the Company. The executive committee of the directors exercises particular supervision over the trust department and

DIRECTORS' ROOM.

CUSTOMERS' ROOMS – SAFE DEPOSIT VAULTS.

an auditing committee makes regular examination of the books and accounts of all departments.

The directors of the company are: Milton E. Ailes, Charles J. Bell, Henry F. Blount, Samuel S. Burdett, Albert Carry, William M. Coates, W. Riley Deeble, George T. Dunlop, Robert Dornan, James E. Fitch, William J. Flather, Daniel Fraser, John E. Herrell, George F. Huff, Henry Hurt, John A. Kasson, John R. McLean, Fred A. Miller, Caleb J. Milne, Martin F. Morris, Clarence F. Norment, Crosby S. Noyes,

SAFE DEPOSIT VAULTS.

Myron M. Parker, Albert M. Read, Ward Thoron, Frank A. Vanderlip, Henry Wells, John F. Wilkins, Henry A. Willard, Joseph Wright.

The officers are: Charles J. Bell, president; Henry F. Blount, vice-president; H. S. Reeside, treasurer; James F. Hood, secretary; Wm. A. McKenney, attorney and trust officer; Ward Thoron, auditor; J. W. Whelpley, bond officer; Charles E. Howe, assistant secretary and assistant treasurer; Alfred B. Leet, assistant trust officer.

As is customary with trust companies, the American Security and Trust Company pays interest on all funds deposited with it.

NEW ENGLAND NATIONAL BANK, BOSTON.

THE New England National Bank is one of the financial institutions of Boston that is full of years as well as honors, its period of service to the business community falling but little short of compassing a full century.

Organized as a state bank on July 8, 1813, its first board of directors comprised some of the most prominent and substantial of Boston's merchants and citizens:—John Gove (chairman), Edward Blake, Jr., Samuel Dorr, Francis C. Lowell, Lemuel Shaw, Daniel P. Parker, William Ropes, Benjamin Rich, William Sturgis, David Greenwood, Nathaniel Goddard and John D. Williams (secretary). Nathaniel Goddard was its first president, and Ebenezer Frothingham, Jr., its first cashier.

President Goddard served until October 7, 1823, when he resigned and was succeeded by Samuel Dorr, who continued in office until October 7, 1834. The succeeding presidents have been Philip Marett, who held the office until October 17, 1846; Thomas Lamb, whose term ended November 25, 1884; and Samuel Atherton, who officiated until February 11, 1890, when Charles W. Jones was elected to the office, in which he has since served continuously to the present time.

Mr. Frothingham continued as cashier until October 13, 1824. His successor was Philip Marett, who held the office until October 7, 1834, when he in turn was succeeded by E. P. Clark, who served until December 1, 1854. Another similar twenty-year term was covered by his successor, Seth Pettee, ending November 10, 1874, when Charles F. Swan was elected to the office. Mr. Swan continued in office until his resignation July 28, 1902, having been connected with the bank 56 years, for 28 of which he was cashier. Arthur C. Kollock, who had been for a number of years paying-teller, was elected to succeed Mr. Swan, and he still continues in the office, having served the institution altogether, as teller and cashier, a period of 42 years.

The New England became a national bank in January, 1865. The present board of directors consists of John T. Bradlee, retired merchant of State street; J. Herbert Sawyer, retired manufacturer; Gen. Francis Henry Appleton, of Peabody and Boston; Henry Parkman, treasurer Provident Institution for Savings; Roland W. Toppan, president Arkwright Mutual Fire Insurance Co.; Edwin S. Webster, of Stone & Webster, electrical engineers and street railway managers; Charles W. Jones, president, and Stephen W. Holmes, vice-president. Mr. Holmes was elected vice-president January 8, 1900, coming to the New England National from the Natick National Bank of Natick.

The New England National Bank has a capital of $1,000,000, with surplus and undivided profits of $850,000, and deposits aggregating about $4,000,000. Its total resources are considerably over $6,000,000. In every year since its organization, a period of 93 years, it has paid a dividend to its stockholders. During the panics and monetary stringencies of the earlier years, and later in 1893, 1903 and 1905, the bank continued to extend credits to its customers without restriction in the slightest degree, and throughout its long career it has maintained among the banks and in the business community a reputation for strength and reliability second to none.

The sound business principles that have carried the bank successfully through the many changes, financial panics, national crises and civic disturbances since 1813 when it was founded, may possibly have been considered in some quarters ultra-conservative. This, however, as its customers can attest, is not justified and is not a fact, as the bank has ever

HOME OF THE NEW ENGLAND NATIONAL BANK, BOSTON.

kept abreast of the times, and is now, as it has been always, ready to meet existing conditions, and to adapt itself to the special wants of its customers; extending liberal lines of credit and accommodation, and ready to investigate and look up every legitimate proposition pertaining to the business welfare of its patrons. The result of this policy has been to bring to the bank a widely diversified business which is much to the benefit of its depositors.

The New England National's resources give it ample funds for handling any legitimate transaction, yet it has never, for the sake of employing its idle funds, entered into doubtful outside investments or promotions, but confines the use of its money to loans to its customers and to thoroughly investigated and established securities. For these reasons, together with its long and honorable record, and its liberal and progressive policy, the bank is especially qualified as a depositary for trust funds and reserve accounts, and makes a feature of such business.

The clientele of the New England National is of the highest grade. and the bank is energetically seeking to increase its efficiency and extend its business, believing there is a wide field of usefulness for an institution of this character.

FIRST NATIONAL BANK OF BOSTON.

ABOUT six years ago the gentlemen comprising the present management of the First National Bank of Boston purchased control of the Massachusetts National Bank, the oldest banking institution in New England, its original charter dating back to 1784. Soon afterwards they took over the business of the Broadway National, and a little

NEW BUILDING FOR FIRST NATIONAL BANK. BOSTON.

Soon to be Erected at Federal, Franklin and Congress Streets.

later that of the First National, assuming the name of the latter. In 1904 by a further consolidation the First National absorbed the National Bank of Redemption, which had itself, a few years before, taken over the business of the Shoe and Leather National.

When the last consolidation was completed, in May, 1904, the bank's deposits were $35,000,000. Today they are more than $44,000,000, an increase of over $9,000,000 in two and a half years. The bank has a capital stock of $2,000,000, and its total resources are nearly $50,000,000. Its statement of condition made to the Comptroller on November 12 showed surplus and undivided profits of $2,360,454.09. Its deposits aggregated $44,207,477.82.

The accompanying illustration shows the First National Bank of Boston's contemplated new home, to be erected at Federal, Franklin and Congress streets, from plans by Architects Sturgis & Barton. The building is to be of granite, four stories and basement, embodying the latest ideas and every approved feature of modern bank architecture and equipment.

The officers are: Daniel G. Wing, president; Edward A. Presbrey, John W. Weeks, George G. McCausland, Clifton H. Dwinnell, vice-presidents; Frederic H. Curtiss, cashier; Palmer E. Presbrey, Edward S. Hayward, Bertram D. Blaisdell, George W. Hyde, assistant cashiers.

GUARANTEE TITLE AND TRUST COMPANY OF PITTSBURGH ABSORBS THE HOME TRUST CO.

NEGOTIATIONS were recently consummated for the absorption of the Home Trust Company of Pittsburgh by the Guarantee Title and Trust Company. This consolidation was effected on an exchange basis, the stockholders of the Home Trust Company taking

JOSEPH R. PAULL,
President.

stock in the Bank of Pittsburgh N. A. and the Guarantee Title and Trust Company, the exchange being made on the following basis: Home Trust at $142, par $100; Guarantee Title and Trust at $200, par $100; Bank of Pittsburgh, N. A. at $175, par $50.

The capital stock of the Guarantee Title and Trust Co. will not be increased, the company having purchased enough stock from its shareholders to effect the exchange, while the stock of the Bank of Pittsburgh was obtained by the company by the transfer to the Bank of Pittsburgh of the Iron City National Bank, January 1, 1904, control of which bank had been held by the Guarantee Title and Trust Co. Frank L. Phillips, vice-president and treasurer of the Guarantee Title and Trust Co., has resigned to become a member of the bond house of Searing & Co. Vice-president Robt. J. Davidson of the Home Trust Co., will succeed Mr. Phillips as vice-president of the Guarantee Title and Trust Co., and Secretary Alexander Dunbar will be elected treasurer. The executive officers of the company will then be as follows: President, Joseph R. Paull; vice-president, John Bindley; vice-president, Robert J. Davidson; vice-president, Samuel H. McKee; secretary and treasurer, Alexander Dunbar.

ROBERT J. DAVIDSON.
Vice-President.

The Home Trust Company began business in July, 1903. Its capital was $500,000, and at the time of the merger the deposits were about $1,600,000. At the date of the last official statement the book value of its stock was $137.50.

The Guarantee Title and Trust Company was organized August 11, 1899, with $125,000 capital, which was increased to $250,000 in 1902 and a surplus of $50,000 created. In the following year the capital was raised to $750,000 and the surplus to $550,000. From its organization until June 1, 1903, the company transacted a title and abstract business, the banking and trust department being added at that time. The stock was so largely over-subscribed that it was decided to make the capital $1,000,000 and the surplus $825,000. At the present time the capital is $1,000,000 and the surplus and profits $880,000. Dividends are paid at the rate of six per cent. per annum.

These increases in capitalization made possible the purchase by the Guarantee Title and Trust Company of the Iron City National Bank, Moreland Trust Company, and the Standard Security Trust Company. With the Iron City National Bank the Guarantee Title and Trust Company acquired its present banking-house and became an active trust company in all departments, having previously been a title guarantee company. At a later time it purchased the deposits of the Mortgage

ALEXANDER DUNBAR,
Secretary and Treasurer.

Banking Co., and the business and assets of the Equitable Trust Co. As a result of these several acquisitions the business and strength of the Guarantee Title and Trust Company have been largely augmented. Nine of the former directors of the Home Trust Company have been added to the board of the Guarantee Title and Trust Company, making a total membership of forty-eight, representing some the strongest interests in the Pittsburgh district.

SECURITY BANK OF CHICAGO.

THE Security Bank of Chicago commenced business October 15, 1906, with a capital of $300,000 and surplus of $60,000. It is located at the corner of Milwaukee avenue and Carpenter street, having purchased the building, furniture and fixtures of the defunct Stensland bank.

The Security Bank was organized by James B. Forgan, president of the First National Bank of Chicago, at the request of a large number of local business men, who subscribed for and now own one-third of the capital stock, and the other two-thirds is principally owned by gentlemen connected with the First National Bank, from among whom the other members of the board have been selected.

Mr. Forgan has been elected chairman of the board of directors, in which capacity he has daily supervision over the bank's operations.

This locality is undoubtedly one of the busiest in Chicago outside of the business centre. It is thickly populated, by a thrifty class of people, all of whom save something. This, with the numerous stores and manufacturing concerns, assures success for the bank.

The first four weeks of the business of the Security Bank was most gratifying, the total deposits amounting to $754,500. The savings deposits of $419,500 have been something of a revelation, as the deposi-

E. A. ERICKSON,
President.

tors belong largely to the poor class, and necessarily deposit small sums. The large aggregate of these deposits, in the face of loss of confidence due to the recent failure of the Milwaukee Avenue State Bank, is quite remarkable. At the present rate of progress it will take only a comparatively short time for the deposits of the Security Bank to exceed those of the former bank, which were something over $4,000,000.

Edward A. Erickson, president of the Security Bank, was born in Noble county, Indiana, and educated in the public school there. His experience in banking covers a wide range. He served for several years in the First National Bank at Kendallville, Ind., beginning as a messenger, and from this bank he went to the First National Bank of Chicago, Ill., serving practically in all departments, reaching the official position of manager of the statistical and credit department January, 1906. On October 15, of the same year, he was elected president of the Security Bank.

J. C. Hansen, the cashier of the new bank, was born in Denmark, September 9, 1869, but has been a resident of the northwest side of Chicago for thirty-four years, sixteen of which he spent with the First National Bank, having previously served a short term in the old banking-house of Peterson & Bay.

CITIZENS' NATIONAL BANK OF CINCINNATI, OHIO.

THIS institution, as may be seen from the illustration of its new building presented herewith, is making progress of a most substantial kind; and further evidence of this fact is to be found in the increase of the capital on the first of November last from $1,000,000 to $2,000,000, and the surplus to $1,650,000 and the undivided profits to $350,000, making the capital and surplus $2,000,000 each.

The Citizens' National Bank was organized in October, 1880, and opened for business on the 4th of November following at 51 East Third street. In 1887 the bank moved into its own building—the United Bank Building—at Third and Walnut streets, where it remained until December 10 last, when it moved to its new building at the corner of Fourth and Main streets.

THE NEW BUILDING.

The new bank is one of the handsomest buildings in Cincinnati. It is of Bedford stone, and is of graceful classic architecture, resembling greatly the new custom-house in New York. It was designed by Hannaford & Sons. The banking-room is fitted with English veined marble, the woodwork being mahogany and the columns supporting the ceiling are of Sienna marble.

The entrance to the bank is on Fourth street. The public desks are arranged in an octagon, with the cashier and assistant cashier on the right, and the vice-president on the left of the entrance. The president and directors' room is cut off from the main banking-room. The safe-deposit vaults and bank safes are at the southeast corner of the room. The basement is arranged for a mailing room, and there are two fire-proof record vaults to hold unused but valuable books and papers. The upper floors of the building will be occupied by The Procter & Gamble Co. James Griffith & Sons Co. were the architects of the new building.

On December 15 the Franklin Bank, one of the oldest private banks in Ohio, ceased to exist as a separate banking institution, transferring its good-will and business to the Citizens' National.

The present officials of the Citizens' National Bank are: President, Briggs S. Cunningham; vice-president, Griffith P. Griffith; cashier, O. P. Tucker; assistant cashier, S. M. Richardson. The directors are: Briggs S. Cunningham, William A. Proctor, William J. Lippincott, John W. Warrington, James N. Gamble, Charles P. Taft, Hirma H. Peck, Moses E. Moch, Edward Goepper, William Keslye Schoepf, William Cooper Procter, Bayard Kilgour, Myer Oettinger, Charles D. Kinney, and Griffith P. Griffith.

CLEVELAND TRUST CO., CLEVELAND, OHIO.
The New Bank Building Now Under Construction.

CASHIER OF THE COMMERCIAL BANK AND TRUST COMPANY, LOUISVILLE, KY.

NOTHING contributes more to the success of a new bank than to have officers who are thoroughly experienced and locally well known. It was the good fortune of the new Commercial Bank and Trust Company, which was organized a short time ago at Louisville, Ky., to secure as its cashier Mr. E. W. Hays, a man who meets both these requirements. Mr. Hays has grown up in the banking business

E. W. HAYS.

in Louisville, his first connections being with the First National Bank and the Falls City Bank. In 1880 he became discount clerk of the Bank of Kentucky, which was one of the old and famous state banks, but which entered the national banking system a few years ago as the National Bank of Kentucky. After filling the position of discount clerk for four years, Mr. Hays was promoted to be assistant cashier, and four years later his efficient services in this position were recognized by his advancement to the cashiership. Mr. Thomas L. Barret, long the honored president of the Bank of Kentucky, relied greatly on the ability and judgment of Mr. Hays, and it is recognized that the energy and efficiency of the latter had an important share in increasing the business of that institution.

Mr. Hays was for ten years treasurer of the Kentucky Bankers' Association, and for fourteen years chairman of the committee of management of the Louisville Clearing-House Association.

In character, ability, and in banking experience, Mr. Hays conforms to the highest requirements of a successful bank officer, and the Commercial Bank and Trust Company has shown discrimination in selecting him to be its cashier.

SOUNDNESS OF A CREDIT CURRENCY.

IN his report accompanying the bill for a credit currency, Chairman Fowler of the Banking and Currency Committee had the following to say of the soundness of a credit currency:

"It is sound; and we point to the fact in confirmation thereof that it is the currency of France, Germany, Scotland, Belgium, Holland, Austria, Japan, Canada, Australia, and was the currency of the First and Second United States banks, the Bank of Indiana, the Bank of Ohio, the Bank of Iowa, all the banks of the State of Louisiana under the Act of 1842, and all the banks of New England, 504 in number, from 1840 to 1860.

Nay, more, we here and now challenge anyone to cite a single instance in American history where a single word or term of opprobrium or derision was ever used in relation to any true credit currency. On the other hand, we assert that all the wild-cat, yellow-dog, blue-pup and every other kind of dog money, to which allusion is constantly made, was issued under conditions entirely different from those imposed in this bill, and that a careful and thorough investigation will disclose the fact that practically all of the so-called 'dog' money was put out under the guise of State notes or bond-secured money, the bonds being United States bonds or stocks, the bonds or stocks of the several states with the addition, now and then, of other securities, such as railroad bonds, as provided in the law of Wisconsin.

Let no man from this day forth, who cares for his reputation as a student of this question, try to link any of the opprobrious terms, including the word 'dog,' with the credit currency of our own or any other country, because whenever and wherever a true credit currency has been issued, in accordance with the provisions of this bill, it has been as good as gold or the coin of the realm, or the government where issued."

MONEY, TRADE AND INVESTMENTS

New York, January 4, 1907.

STRINGENT MONEY AND IMPORTANT issues of railroad securities were the leading features of the last month of the year 1906. Rates for money on call frequently went above ten per cent. and with the exception of a single week went above twenty-five per cent. every week in the month. The highest rates were thirty-six per cent. in the first week and forty-five per cent. on the last day of the year. Even time money commanded high rates and at the close of the year ruled at seven to eight per cent. for periods shorter than four months. Rates for commercial paper were six to seven per cent., indicating that Wall Street was not alone in feeling the stringency.

Washington was looked to again for relief, but the Secretary of the Treasury refrained from applying any of the newer remedies such as the one for encouraging gold imports. On December 5 he announced that ten days later he would prepay without rebate the interest on the four per cent. bonds maturing in July next, the privilege extending not only to the interest due on January 1 but also on May 1. The secretary also offered to buy $10,000,000 of the 4's of 1907 at 102 for the coupon bonds and at 101 for the registered bonds. Only a little more than $2,-000,000 of the bonds were retired under this offer.

The national banks were also given the privilege of increasing their Government deposits based upon miscellaneous securities to the extent of $10,000,000, one-half to be returned on January 20 and the remainder on February 1 next. The national banks at the close of the year had nearly $159,000,000 of Government deposits, representing about seventy per cent. of the total available cash balance in the Treasury, which on December 31 was $238,997,076.

The money situation, it must be admitted, is not encouraging. Many experienced financiers look for a continuance of abnormally high rates of money. There is no question that never before were the evidences of prosperity so overwhelming and never before were the American people spending money at the rate they are now doing.

The statements of the New York Clearing-House banks, week after week, have told the story of an insufficient supply of money to support the enormous financial transactions which are being conducted or projected. While the volume of circulation in the last two years has been increased $314,000,000, the cash reserves of the New York banks on December 29 were $39,000,000 less than they were at the same time in 1904. The present position of these banks as compared with the close of previous years since 1896 is shown in the following summary:

Dec. 31.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Surplus Reserve.*
1896.......	$487,673,300	$525,837,200	$76,768,000	$89,001,200	$34,309,900
1897.......	607,781,600	675,064,200	104,730,700	79,824,100	15,788,700
1898.......	718,308,700	823,037,700	169,756,300	55,184,100	19,180,900
1899.......	673,689,400	740,046,900	143,496,900	52,682,900	11,168,000
1900.......	796,457,200	854,189,200	161,719,700	63,353,500	11,525,900
1901.......	857,960,200	910,869,800	163,618,200	71,990,600	7,891,300
1902.......	875,321,500	865,953,600	153,744,300	69,298,300	6,549,200
1903.......	892,262,800	865,918,700	161,151,800	67,902,500	12,574,600
1904.......	1,068,701,200	1,104,019,100	208,554,800	81,140,900	13,683,400
1905.......	1,001,025,000	977,651,300	173,005,600	75,699,800	4,292,600
1906.......	1,032,973,000	981,801,100	179,323,000	71,371,500	5,369,200

The loans are about $32,000,000 more than they were a year ago but $36,000,000 less than in 1904, while far in excess of all previous years. Deposits are less than $4,000,000 in excess of those of a year ago and $123,000,000 less than in 1904. Specie reserves show an increase for the year of $6,000,000 while legal tenders have decreased $4,000,000, making the increase in total reserves only $2,000,000. Compared with 1904 the banks have lost $29,000,000 specie and $10,000,000 legal tenders. In 1904 they gained $47,000,000 specie and $13,000,000 legal tenders, a total of $60,000,000. In 1903 reserves increased $6,000,000; in 1902 they decreased $12,000,000; in 1901 they increased $10,000,000; and 1900 $29,000,000; in 1899 they decreased $28,000,000; in 1898 they increased $40,000,000, and in 1897 they decreased $19,000,000. Since January 1, 1897, the reserves of the New York banks have increased $85,000,000 while the total money in circulation increased in the same time $1,233,000,000. Eleven years of prosperity have served to increase the demand for money elsewhere as well as at New York.

It will be observed that the banks in this city end the year 1906 with the smallest surplus reported for any year in over eleven years excepting 1905, and only about $1,000,000 more than for that year.

The following table shows the extreme range of loans and deposits yearly since 1896.

Year.	Loans.		Deposits.	
	Maximum.	*Minimum.*	*Maximum.*	*Minimum.*
1896.........	$487,673,300	$442,179,700	$525,837,200	$438,437,600
1897.........	610,606,300	488,765,700	675,169,900	530,785,000
1898.........	718,308,700	570,198,100	823,037,700	658,503,300
1899.........	793,852,900	673,315,900	914,810,300	736,836,900
1900.........	825,830,600	676,238,100	907,344,900	748,953,100
1901...... ..	918,789,600	803,989,600	1,012,514,000	870,950,100
1902.........	938,191,200	864,236,800	1,019,474,200	863,125,800
1903.........	950,208,700	871,642,100	963,219,300	841,552,000
1904.........	1,145,989,200	908,570,500	1,224,206,600	886,178,900
1905.........	1,146,163,700	1,001,025,000	1,202,972,300	977,651,300
1906.........	1,082,358,500	1,004,658,300	1,076,599,300	967,061,400

Loans at their maximum in 1906 fell $64,000,000 short of the high point reached either in 1904 or 1905, but at no time did the loan fall to the low point recorded in those years. Deposits when the largest in 1906 were still $126,000,000 below the high record of 1905 and $148,000,000 below that of 1904.

Another table shows the extreme points for the reserves and surpluses.

Year.	Total Reserve.		Surplus Reserve.	
	Maximum.	*Minimum.*	*Maximum.*	*Minimum.*
1896	$165,769,200	$120,181,400	$40,182,425	$8,228,550
1897	202,993,000	165,963,200	59,148,250	11,523,450
1898	249,532,200	182,257,300	62,206,250	4,240,400
1899	266,360,000	183,411,300	43,933,725	*2,788,950
1900	252,765,500	198,996,000	30,871,275	2,686,425
1901	269,011,100	231,809,400	30,799,450	5,211,525
1902	267,380,600	219,612,500	26,623,350	*1,642,150
1903	260,825,500	215,744,700	27,880,775	666,975
1904	361,005,700	231,086,600	58,613,075	8,881,375
1905	324,436,700	246,812,400	26,979,550	*2,428,800
1906	283,921,700	238,842,200	19,391,000	*6,702,175

* Largest deficit.

The largest reserves held in 1906 were $40,000,000 less than the maximum figure of 1905 and $77,000,000 less than in 1904, while the lowest amount reported in 1906, on December 8, was $122,000,000 less than the highest ever recorded. The surplus reserve never reached $20,000,000 in 1906 while five times a deficit was reported and on December 8, it was $6,700,000, the largest in over eleven years.

During the past year there were twenty-five weeks during which the surplus reserve was less than $10,000,000 and in 1905 thirty weeks. This is an extraordinary experience not to be paralleled in many years. In 1904 the surplus reserve fell below $10,000,000 in only six weeks; in 1903 in twenty-two weeks; in 1902 in twenty-eight weeks; in 1901 and 1900 each in fifteen weeks; in 1899 in eighteen weeks; in 1898 in three weeks only; in 1897 at no time, and in 1896 in only five weeks.

That the banks have been passing through an exceptional experience during last year is apparent. Yet the stringency in money appears to have discouraged neither investors in securities nor the projectors of new issues. When money was the dearest the stock market advanced, and the break which occurred in prices of stock last month was rather a natural reaction from the previous advance, than a result of any apprehension because of the money rate.

It is not often that in one month so many large issues of securities are offered to the public or are announced as in contemplation as was the case last month. The most prominent of the new issues were the Great Northern $60,000,000 of stock, which increases its capital to $210,000,000; the Northern Pacific $95,000,000, increasing its capital to $250,000,000 and the St. Paul $100,000,000, two-thirds preferred stock and one-third common stock. The paying of subscriptions is to be extended over a considerable period, the last installment on Great Northern to be in April, 1908, Northern Pacific in January, 1909, and St. Paul in March, 1909. The Attorney-General of Minnesota instituted proceedings to enjoin the issue of Great Northern stock.

The past year has witnessed a revival of activity in the creation of new corporations requiring capital in large amounts. The "Journal of Commerce" reports that the authorized capitalization of million-dollar organizations chartered in the Eastern states last year is $2,307,970,000.

This compares with $1,694,187,211 in 1905, $1,003,542,200 in 1904, $1,654,656,000 in 1903, $2,617,478,650 in 1902, $3,714,105,000 in 1901 and $2,361,975,000 in 1900. It is estimated that the total new incorporations in 1906 were capitalized at over $3,000,000,000.

The securities listed at the New York Stock Exchange in 1906 as compiled by the "Financial Chronicle" amounted to $1,238,978,766 exclusive of $425,000,000 Japanese securities. Of this aggregate $571,898,500 represents bonds, a decrease from 1905 of $408,000,000, and $662,769,450 stocks, an increase of $129,334,550. There were $303,000,000 of bonds and $237,000,000 of stocks representing new issues of capital. These new bond issues were the smallest in amount since 1903, while the new stock issues are the largest since 1902.

It is of course a serious question whether it will be possible in the future to earn interest and dividends on the increased capital of either old or new corporations at a rate which will compare favorably with that now being earned. If so prosperity must reach even a higher stage than its present phenomenal one. The returns which investors in industrial and railroad securities have received in the past year are without parallel in any previous time. It is estimated that the railroad, traction and industrial companies have distributed in dividends during the last twelve months more than $537,000,000. In January the railroads will pay nearly $31,000,000 in dividends, as against $26,000,000 in January, 1906, and $68,500,000 in interest, as against $63,200,000 in 1906. Industrial companies will pay nearly $38,000,000 in dividends and $10,500,000 in interest as compared with $26,000,000 and $9,000,000 respectively a year ago.

The crops are still looked upon as the sure basis of prosperity, and as long as the crops are large it is predicted that the advent of bad times is not to be immediate. The final report of the Department of Agriculture for the year 1906 makes a new record of large agricultural products. The principal crops show a yield as follows: corn, 2,927,000,000 bushels—the largest ever harvested; wheat, 735,000,000 bushels—exceeded only once, in 1901, and then by only $13,000,000 bushels; oats, 965,000,000 bushels—the largest except in 1902; rye, 33,000,000 bushels—close to the high record, and barley 179,000,000 bushels—a bumper crop.

The estimated value on December 1 of the principal farm crops is $2,924,000,000, or $170,000,000 more than for 1905 and $192,000,000 more than in 1904. The values are given for the three years in the accompanying table:

	1904	*1905*	*1906*
Corn	$1,087,000,000	$1,116,000,000	$1,166,000,000
Wheat	510,000,000	518,000,000	490,000,000
Oats	280,000,000	277,000,000	306,000,000
Barley	58,000,000	55,000,000	74,000,000
Rye	19,000,000	17,000,000	20,000,000
Buckwheat	9,000,000	9,000,000	9,000,000
Flaxseed	23,000,000	24,000,000	26,000,000
Potatoes	150,000,000	161,000,000	157,000,000
Hay	529,000,000	516,000,000	592,000,000
Tobacco	53,000,000	49,000,000	68,000,000
Rice	14,000,000	12,000,000	16,000,000
Total	$2,732,000,000	$2,754,000,000	$2,924,000,000

The estimated cotton crop is about 12,500,000 bales as compared with 10,600,000 bales in the previous year. The total value of all agricultural crops is estimated at $6,794,000,000, or $485,000,000 in excess of the record of 1905.

The wealth of the country and its greatly increased activities have presented a serious problem to the transportation companies. A car shortage has existed for some time, causing great delay in the moving of freight. Nevertheless the records show that more than 240,000 of freight cars were built last year, as compared with 165,000 in 1905 and 61,000 in 1904. At the same time the car-builders are crowded with unfilled orders.

The construction of railroads has reached the highest point touched since 1888, about 6,000 miles having been built. In the last eight years 40,000 miles have been constructed, as compared with 21,000 miles in the previous eight years.

The record of railway failures has been exceptionally favorable. Receivers were appointed in 1906 for railroads representing only 204 miles with a stock and bond capital of $55,000,000. The mileage is the smallest for any year since 1881 with the exception of 1901. The railways sold under foreclosure had a mileage of only 254 miles and a stock and bond capital of less than $10,000,000.

The production of pig iron is proceeding at a more rapid rate than ever before. The year's output has probably exceeded 25,700,000 tons, which compares with 22,930,000 tons in 1905 and 16,134,000 tons in 1904. The furnaces in blast on December 1 were producing 516,160 ton a week, or at the rate of nearly 27,000,000 ton a year. A year ago the weekly output was only about 475,000 tons.

Commercial failures were so few in number as to emphasize the evidence of universal prosperity in the country. The failures were 10,682 as reported by R. G. Dun & Co., as against 11,520 in 1905; the liabilities were $119,000,000, as compared with $102,000,000 in 1905. The number of failures is the smallest since 1892 while the aggregate liabilities are less than in either 1903 or 1904.

The foreign trade movements in 1906 dwarf all previous years. The imports of merchandise in the eleven months ended November 30 exceeded the total for any previous entire year. They amount to $1,186,000,000 while for the twelve months of 1905 they were $1,179,000,000 and of 1904 $1,035,900,000. The exports in 1906 were for eleven months $1,607,000,000 as compared with $1,627,000,000 in the entire year 1905 and $1,451,000,000 in 1904. The full year's movement will be about $175,000,000 larger than the highest previous second.

The gold movement in 1906 was one of the most important in many years. With the returns for December yet missing, the total exports of gold amounted to nearly $45,000,000 and the imports to almost $148,000,000, making the net imports $103,000,000. Only once have the net imports before exceeded $100,000,000; that was in 1898, when they were about $142,000,000. The high record for net exports of gold was made in 1894, when they exceeded $80,000,000.

From 1888 to 1895 inclusive the country suffered almost a continuous drain of gold, but since 1895, with the exception of the year 1904, the gold movement has been generally favorable to the United states. A comparison of the gold-exporting and importing periods may be interesting at this time.

Calendar Year.			Calendar Year.		
1888	Exports	$23,492,373	1896	Imports	$46,474,369
1889	"	38,873,892	1897	Exports	253,589
1890	"	3,683,652	1898	Imports	141,968,998
1891	"	33,889,688	1899	"	5,955,553
1892	"	58,380,272	1900	"	12,614,461
1893	"	6,708,151	1901	Exports	3,022,059
1894	"	80,499,128	1902	Imports	8,162,726
1895	"	70,571,010	1903	"	20,920,862
			1904	Exports	36,408,593
			1905	Imports	3,498,938
			*1906	"	103,130,624
8 years	Exports	$316,093,166	11 years	Imports	$303,042,290

* Eleven months ended November 30.

In the eight years prior to January 1, 1896, the net exports of gold amounted to $316,000,000. From January 1, 1896, to November 30, 1906, the net imports of gold were $303,000,000. The latter movement is still $13,000,000 below the gold-exporting movement of the earlier period.

Gold imports and the output of the gold mines of the country have played an important part in the increase in the currency. There are now only two principal sources of supply for the expansion of our circulating medium—gold and national bank notes. The yearly increase in each and in the total currency in circulation is shown in the annexed table:

Jan. 1.	Gold Coin and Certificates.		National Bank Notes.		Total Money.	
	In Circulation.	Increase in Year.	In Circulation.	Increase in Year.	In Circulation.	Increase in Year.
1897	$555,630,668	$20,965,682	$221,384,148	$14,730,312	$1,650,223,400	$71,016,676
1898	584,126,049	28,495,381	223,827,755	2,443,607	1,721,100,640	70,877,240
1899	732,980,132	148,854,083	238,337,729	14,509,974	1,897,301,412	176,200,772
1900	779,100,627	46,120,495	242,001,643	3,663,914	1,980,398,170	83,096,758
1901	861,980,507	82,879,880	332,188,526	90,186,883	2,173,251,879	192,853,709
1902	913,371,619	51,391,112	349,856,276	17,667,750	2,250,627,990	77,376,111
1903	976,099,451	62,727,832	368,678,531	18,822,255	2,348,700,901	98,072,911
1904	1,049,050,552	72,951,101	413,153,189	44,474,658	2,466,345,897	117,644,996
1905	1,116,288,217	67,237,665	449,157,278	36,004,089	2,569,621,125	103,275,228
1906	1,135,107,044	18,818,827	527,173,475	78,016,197	2,671,543,571	101,922,446
1907	1,273,018,763	137,911,719	585,056,585	57,883,110	2,883,900,328	212,356,757

Since January 1, 1896, the gold in circulation increased $738,000,000 and national bank notes $378,000,000, a total of $1,116,000,000, while the increase in all kinds of money was $1,304,000,000, leaving only $188,000,000 for other than the two classes of currency mentioned. In the last five years the difference is even more striking.

An examination of the table will show how remarkable has been the increase in the volume of money in circulation in the last eleven years. In no year has the increase been less than $70,000,000, while in each of the last four years the increase exceeded $100,000,000 and last year went to the unprecedented figure of $212,000,000. The nearest approach to this record was made in 1901 when the increase was nearly $193,000,000, while in 1899 it was $176,000,000.

The Money Market.—High rates for money in the local market prevailed throughout the month. Call money touched 36 per cent. in the first week of the month; in the following week, 28 per cent; in the third week, 26 per cent., and in the fourth week 18 per cent, while on the last day of the month and year it was up to 40 per cent. For nearly two months money has been exceptionally high, and in that time there was not a week in which the rate for call money did not go above 10 per cent. At the close of the month call money ruled at 6@40 per cent., with the majority of loans at 25 per cent. Banks and trust companies loaned at 4 per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 6½@7 per cent. for sixty to ninety days and 6@6½ per cent. for four to six months, on good mixed collateral. For commercial paper the rates are 6@6½ per cent. for sixty to ninety days' endorsed bills receivable, 6@6½ per cent. for first-class four to six months' single names, and 6½@7 per cent. for good paper having the same length of time to run.

Money Rates in New York City.

	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances........	2 — ½	8 —12	4½—7	6 —9	6 —27	6 —40
Call loans, banks and trust companies........	2 —	3½—	3 —	8 —	4 —	4 —
Brokers' loans on collateral, 30 to 60 days........	3½—4	6½—	7 —	7 —	7½—	6½—7
Brokers' loans on collateral, 90 days to 4 months........	4¼—5	6½—	7 — ½	6 —7	7 — ½	6½—7
Brokers' loans on collateral, 5 to 7 months........	5 — ½	6 — ½	6½— ¾	6 —	6 — ½	6 — ½
Commercial paper, endorsed bills receivable, 60 to 90 days........	5½— ¾	6 —7	6½—7	6 — ½	6 — ½	6 — ½
Commercial paper, prime single names, 4 to 6 months........	5½— ¾	6 — 7	6½—7	6 — ½	6 — ½	6 — ½
Commercial paper, good single names, 4 to 6 months........	6 —	7½—	7½—	6½-7	6½—7	6½— 7

New York Banks.—The deposits of the New York Clearing-House banks fell to the lowest point touched during the year on December 15, amounting to only $967,061,400 on that date. On August 4 last they were $1,076,599,300, the decrease in a little more than four months being $109,000,000. In the last half of the month deposits increased $14,000,000 and at the close of the year were about $4,000,000 larger than at the same time in 1905, but $123,000,000 less than in 1904. Loans decreased during the month from $1,048,000,000 to $1,027,000,000 on December 22, but in the last week increased to nearly $1,033,000,000. On October 20 last loans reached their maximum for the year, aggregating $1,082,000,000, since which time there has been a net reduction of $49,000,000. Loans are $32,000,000 more than at the close of 1905, but $33,000,000 less than in 1904. Twice during the month there was a deficit reported—$6,700,000 on December 8 and $1,699,000 the week following. Since December 15, however, reserves have increased and there was a surplus on December 29 of $5,369,225, as compared with $1,499,125 on December 1 and $4,292,575 a year ago.

New York City Banks—Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
Dec. 1...	$1,048,552,300	$181,687,100	$69,420,700	$998,634,700	$1,449,125	$53,324,400	$1,780,069,000
" 8...	1,044,668,800	171,954,900	66,887,800	982,177,500	*6,702,175	53,740,900	2,177,345,400
" 15...	1,027,666,300	171,940,100	68,126,200	967,061,400	*1,699,050	53,551,100	2,269,155,700
" 22...	1,027,183,300	176,627,600	69,565,500	971,648,800	3,280,900	53,525,600	2,414,023,500
" 29...	1,032,973,000	179,323,000	71,371,500	981,301,100	5,369,225	53,670,800	1,722,704,000

* Deficit.

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1905.		1906.		1907.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189 828,600	26,979,550	1,061,403,100	11,127,625	....	....
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	....	....
April..........	1,138,661,300	3,664,575	1,004,290,500	5,131,270	....	....
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	....	....
June..........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	....	....
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	....	....
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	....	....
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	....	....
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,350	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December ...	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146 163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

Non-Member Banks—New York Clearing-House.

Dates.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. banks.	Surplus Reserve.
Dec. 1.....	$131,732,000	$139,083,100	$5,858,600	$7,373,700	$12,982,800	$4,682,200	*$3,873,475
" 8.....	132,481,000	138,505,800	5,785,100	7,873,500	11,875,600	4,620,200	*4,472,050
" 15.....	132,291,100	139,528,400	5,835,700	7,883,600	12,790,700	4,949,500	*3,422,600
" 22.....	131,385,100	137,603,400	5,785,600	7,701,000	11,700,900	5,181,800	*4,031,550
" 29.....	131,423,100	138,249,900	5,850,500	8,012,500	12,070,400	5,106,700	*3,522,375

* Deficit.

Boston Banks.

Dates.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
Dec. 1........	$186,559,000	$210,758,000	$17,026,000	$5,116,000	$8,570,000	$142,630,200
" 8........	185,534,000	208,657,000	14,958,000	5,078,000	8,651,000	179,226,900
" 15........	183,446,000	207,258,000	15,306,000	5,494,000	8,693,000	169,855,800
" 22........	186,122,000	210,833,000	16,125,000	5,625,000	8,709,000	182,565,600
" 29........	183,439,000	204,569,000	15,160,000	6,094,000	8,687,000	....

Philadelphia Banks.

Dates.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings
Dec. 1..................	$223,492,000	$255,949,000	$58,063,000	$14,469,000	$144,717,700
" 8..................	223,149,000	248,799,000	53,935,000	14,472,000	161,422,700
" 15..................	222,024,000	248,375,000	52,979,000	14,591,000	153,427,700
" 23..................	219,546,000	248,512,000	53,435,000	14,127,000	162,415,400
" 29..................	....	....	....	....	....

Foreign Banks.—The Bank of England lost $21,000,000 in gold in December, or within $2,000,000 of the amount gained in the previous month. The Bank of France also lost $10,000,000 and the Bank of Germany $14,000,000, while Russia gained $19,000,000. The Bank of England holds $2,000,000 more gold than was reported at the close of 1905; Russia, $13,000,000; Austria-Hungary, $9,000,000, and Italy $25,000,000, while the Bank of France reduced its gold holdings $34,-000,000 and the Bank of Germany $28,000,000.

Gold and Silver in the European Banks.

	November 1, 1906.		December 1, 1906.		January 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£28,549,851	....	£33,263,144	....	£29,064,478	....
France	112,515,430	£40,772,394	110,269,411	£40,368,138	108,230,047	£39,946,631
Germany	27,634,000	9,212,000	30,347,000	10,116,000	27,588,000	9,196,000
Russia	112,846,000	4,460,000	114,055,000	4,361,000	117,904,000	4,681,000
Austria-Hungary	46,880,000	11,770,000	46,914,000	11,824,000	46,609,000	11,751,000
Spain	15,315,000	24,257,000	15,341,000	24,262,000	15,368,000	24,253,000
Italy	30,983,000	3,744,400	31,767,000	4,326,900	31,888,000	4,594,100
Netherlands	5,531,300	5,572,900	5,531,500	5,643,200	5,536,000	5,755,800
Nat. Belgium	3,252,000	1,626,000	3,226,667	1,613,333	3,415,833	1,707,667
Sweden	3,875,000	....	3,962,000	....	3,956,000	....
Totals	£387,381,581	£101,414,694	£394,706,722	£102,509,566	£389,558,858	£101,885,198

Foreign Exchange.—Sterling exchange was weak continuously during the month, and approached the gold-importing point. The market was influenced by the high rates for money in New York and by the offerings of security and cotton bills.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
Dec. 1	4.8075 @ 4.8100	4.8550 @ 4.8560	4.8635 @ 4.8645	4.80¼ @ 4.80⅜	4.79⅝ @ 4.81⅛
" 8	4.7925 @ 4.7950	4.8415 @ 4.8425	4.8490 @ 4.8510	4.78⅛ @ 4.78¾	4.78¼ @ 4.79¾
" 15	4.7850 @ 4.7875	4.8330 @ 4.8340	4.8425 @ 4.8425	4.77⅞ @ 4.78	4.77½ @ 4.78⅞
" 22	4.7825 @ 4.7850	4.8325 @ 4.8335	4.8435 @ 4.8450	4.77⅝ @ 4.77¾	4.77¼ @ 4.78¾
" 29	4.7800 @ 4.7825	4.8270 @ 4.8280	4.8405 @ 4.8415	4.77½ @ 4.77⅝	4.77 @ 4.78¼

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.
Sterling Bankers—60 days	4.80¼– ⅜	4.79½– ¾	4.80⅜– ½	4.80¾–81	4.78¼– ½
" " Sight	4.83¼– ⅜	4.83¼– ⅜	4.85½– ⅝	4.85½– ⅝	4.83⅜– ½
" " Cables	4.83⅞–84	4.84⅛– ¼	4.86⅝– ¾	4.86⅜– ½	4.84⅜– ½
" Commercial long	4.79¾– ⅞	4.79⅛– ¼	4.80 – ⅛	4.80¼– ⅜	4.79 – ¼
" Docu'tary for paym't.	4.79¼–80½	4.78⅝–80	4.79⅝–81	4.79⅝– 1⅛	4.78½–79
Paris—Cable transfers	5.20 1/16–20	94 11/16– ¾	5.18⅛–	5.18¾–	5.21¼–20⅝
" Bankers' 60 days	5.22½–21⅞	94¾– ⅞	5.22½–21⅞	5.22½–	5.25⅝–25
" Bankers' sight	5.20⅝– 7/16	94 7/16– 9/16	5.19⅜–18¾	5.19⅜–	5.21⅞–¼
Swiss—Bankers' sight	5.20 1/16–20	5.20⅝–20	5.18¾–	5.19⅜–18¾	5.22½–
Berlin—Bankers' 60 days	93¾– ⅞	94¾– ⅞	93⅞–94	95 11/16–93 13/16	93½– ⅝
" Bankers' sight	94⅜– ½	94 7/16– 9/16	94 11/16– ¾	94¾– 13/16	94⅛– ¼
Belgium—Bankers' sight	5.21⅞– ¼	5.22½– 1⅞	5.21⅞– ¼	5.21⅞– ¼	5.24⅜–
Amsterdam—Bankers' sight	40 – 1/16	39⅞– 15/16	40 – 1/16	40 – 1/16	39 13/16– ⅞
Kronors—Bankers' sight	26 9/16– 11/16	26 9/16– 11/16	26⅝– ¾	26¾– ⅞	26½– ⅝
Italian lire—sight	5.20 1/16–20	5.19⅜–18¾	5.17½–	5.18¾ – ⅛	5.21¼–20⅝

Money Rates Abroad.—The Bank of England has maintained its rate of discount at 6 per cent., and on December 19 the Bank of Germany advanced its rate to 7 per cent. from 6 per cent., the rate made on October 10 last. Open market rates are slightly higher than they were a month ago. Discounts of sixty to ninety-day bills in London at the close of the month were 5¾@6 per cent., against 5½@5⅝ per cent. a month ago. The open market rate at Paris was 3½ per cent., against 3@3¼ per cent. a month ago, and at Berlin and Frankfort 5¼@5½ per cent., against 5⅜ per cent. a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	Sept. 30, 1906.	*Oct. 31, 1906.*	*Nov. 30, 1906.*	*Dec. 31, 1906.*
Circulation (exc. b'k post bills)	£29,091,000	£28,842,000	£27,761,000	£28,795,680
Public deposits	11,326,000	9,603,000	8,304,000	6,928,752
Other deposits	43,196,000	40,095,000	44,218,000	39,408,200
Government securities	15,958,000	15,956,000	15,459,000	15,457,516
Other securities	33,584,000	33,421,000	31,369,000	34,123,388
Reserve of notes and coin	23,383,000	18,158,000	23,614,000	18,718,655
Coin and bullion	34,022,166	28,549,851	33,263,144	28,064,478
Reserve to liabilities	42.83%	36.51%	44.92%	37.18%
Bank rate of discount	4%	6%	6%	6%
Price of Consols (2½ per cents.)	86½	85 11/16	87⅜	86 1/16
Price of silver per ounce	31⅝d.	32 7/16d.	32d.	32⅜d.

SILVER.—The London silver market fluctuated frequently in December but was strong in the latter part of the month advancing to 32 5-16d. on December 24. The final quotation was 32⅜d., a net advance for the month of ⅜d.

MONTHLY RANGE OF SILVER IN LONDON—1904, 1905, 1906.

MONTH.	*1904.*		*1905.*		*1906.*		MONTH.	*1904.*		*1905.*		*1906.*	
	High	*Low.*	*High*	*Low.*	*High*	*Low.*		*High*	*Low.*	*High*	*Low*	*High*	*Low.*
January..	27 5/16	25⅛	28⅜	27 9/16	30¼	29 13/16	July......	27	26⅝	27 5/16	26⅞	30 7/16	29 13/16
February	27⅛	25⅝	28 5/16	27⅝	30 13/16	30⅛	August ..	27	26 5/16	28¾	27⅛	30 13/16	29⅞
March....	26 11/16	25⅛	27 11/16	25 13/16	30 7/16	29	Septemb'r	26⅞	26	28¾	28	31¾	30 13/16
April.....	25⅛	24 7/16	26⅝	25 7/16	30 5/16	29⅝	October..	26 15/16	26⅛	28 11/16	28⅝	32 9/16	31 11/16
May......	25 13/16	25⅛	27 5/16	26⅛	31⅜	30 5/16	Novemb'r	27 5/16	26¾	30 5/16	28 11/16	33⅛	32
June.....	26⅛	25 5/16	27⅛	26¾	31 1/16	29⅝	Decemb'r	28 9/16	27 5/16	30 5/16	29⅝	32 5/16	31 9/16

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.55	$15.65
Bank of England notes	4.83	4.85	Mexican 20 pesos	19.55	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.53⅞	.55
Twenty-five pesetas	4.78	4.82	Peruvian soles	.48⅞	.50⅞
Spanish doubloons	15.55	15.65	Chilian pesos	.48⅞	.50⅞

Bar silver in London on the first of this month was quoted at 32⅜d. per ounce. New York market for large commercial silver bars, 69¾ @ 71⅜c. Fine silver (Government assay), 69⅞ @ 71⅞c. The official price was 69⅝c.

NATIONAL BANK CIRCULATION.—The increase in national bank circulation in December was $2,781,920, making the total increase for the year 1906 $55,248,122, or about $21,000,000 less than the increase in 1905. The national banks now have on deposit to secure circulation $551,000,000 of Government bonds, an increase of nearly $45,000,000 last year. They have also increased their deposits of Government bonds to secure public deposits nearly $30,000,000, making an increase of $75,000,000 of Governments now employed for those purposes. The total of these bonds so used is $685,000,000 out of a total bond issue of $925,000,000.

National Bank Circulation.

	Sept. 30, 1906.	*Oct. 31, 1906.*	*Nov. 30, 1906.*	*Dec. 31, 1906.*
Total amount outstanding	$573,903,108	$583,171,985	$593,380,549	$596,162,469
Circulation based on U. S. bonds	527,768,924	536,933,169	546.981.447	549,280,084
Circulation secured by lawful money	46,134,184	46,238,816	46,399,102	46,882,385
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	21,508,250	25,124,650	26,659,150	27,054,650
Four per cents. of 1925	4,446,100	4,602,100	6,261,400	6,432,400
Three per cents. of 1908-1918	2,526,340	3,273,700	4,027,100	4,193,960
Two per cents. of 1930	490,920,000	492,170,650	495,994,100	496,751,250
Panama Canal 2 per cents	12,371,580	14,482,000	16,809,080	16,831,580
Total	$530,772,270	$539,653,186	$549,750,830	$551,263,840

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $9,424,000; 4 per cents. of 1925, $5,156,250; 3 per cents. of 1908–1918, $5,468,500; 2 per cents. of 1930, $52,414,200; Panama Canal 2 per cents, $12,868,000; District of Columbia 3.65's, 1924, $832,000; Hawaiian Islands bonds, $1,579,000; Philippine loan, $7,624,000; state, city and railroad bonds, $71,458,256; a total of $166,824,206.

Foreign Trade.—Exports of merchandise in November exceeded $182,500,000, or $12,000,000 more than in November, 1905, and more than ever before was recorded for the corresponding month in any year. The imports of merchandise were $119,689,000 an unprecedented total for any month. The October imports appear to have been incorrectly reported, as they now appear in the official statement as $118,079,178, or nearly $20,000,000 more than was first reported. November imports exceed the corrected figures for October by $1,600,000. The large imports kept the net balance for the month down to below $63,000,000, the smallest in the last six years with the exception of 1902. The net imports of gold in November were nearly $7,000,000 and the net exports of silver about $1,500,000. The year's balances will be very large. While the imports of merchandise in the eleven months ended November 30 were $1,186,000,000, or $108,000,000 more than in the previous year, the exports were still $421,000,000 in excess of the imports, the largest balance since 1901. The net imports of gold in the eleven months were $103,000,000, while the net exports of silver were $13,600,000. Silver exports have fallen off considerably in the last two years.

Exports and Imports of the United States.

Month of November.	Merchandise. *Exports.*	*Imports.*	*Balance.*	*Gold Balance.*	*Silver Balance.*
1901	$136,455,639	$72,566,307	Exp., $63,889,332	Exp., $8,860,822	Exp., $1,892,769
1902	125,200,618	85,386,170	" 39,814,448	Imp., 5,261,412	" 1,563,905
1903	160,268,538	77,006,310	" 83,262,228	" 10,877,540	" 3,511,336
1904	158,068,657	95,170,172	" 62,898,485	Exp., 16,086,838	" 965,824
1905	170,327,921	98,284,314	" 72,043,607	Imp., 4,065,472	" 1,054,981
1906	182,509,398	119,689,830	" 62,819,568	" 6,971,201	" 1,497,673
Eleven Months.					
1901	1,328,434,321	800,490,639	Exp., 527,943,682	Exp., 1,069,458	Exp., 22,556,727
1902	1,212,693,530	874,959,883	" 337,733,647	Imp., 8,829,202	" 20,024,480
1903	1,309,933,517	917,725,693	" 392,207,824	" 5,155,220	" 12,198,839
1904	1,306,065,481	939,342,431	" 366,723,050	Exp., 26,241,950	" 22,186,497
1905	1,427,252,275	1,078,001,751	" 349,250,524	Imp., 2,138,589	" 18,070,564
1906	1,607,693,555	1,186,036,125	" 421,657,430	" 103,130,624	" 13,609,498

Government Revenues and Disbursements.—The receipts of the Government are increasing steadily and in December were nearly $56,000,000, or $5,500,000 more than in the same month last year. The expenditures were $46,500,000, or about $1,500,000 more than in 1905, leaving a surplus of more than $9,000,000 for the month, or about $4,000,000 in excess of the surplus reported a year ago. For the first half of the current fiscal year there is a surplus of $25,000,000 as against a deficit last year of $7,000,000 for the same period.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	*Dec., 1906.*	*Since July 1, 1906.*
Customs	$28,640,631	$164,806,664
Internal revenue	23,583,869	138,621,232
Miscellaneous	3,588,479	25,033,221
Total	$55,812,979	$328,461,117
Excess of receipts	$9,275,393	$25,050,908

EXPENDITURES.

Source.	*Dec., 1906.*	*Since July 1, 1906.*
Civil and mis	$8,734,287	$65,026,245
War	6,697,983	56,774,994
Navy	7,713,831	48,498,827
Indians	1,403,223	9,168,607
Pensions	10,799,282	70,556,730
Public works	4,843,711	35,484,648
Interest	6,345,269	17,900,158
Total	$46,537,586	$303,410,209

UNITED STATES PUBLIC DEBT.—The statement of the public debt shows that nearly $2,500,000 of the 4 per cent. bonds maturing on July 1 next were redeemed in December under the offer of the Secretary of the Treasury. There are now $114,000,000 of these bonds outstanding, and the surplus of $239,000,000 now in the Treasury will permit the retirement of the entire amount. The cash assets of the Treasury were further increased $22,000,000 last month and aggregate $1,629,000,000. Gold certificates outstanding increased $11,000,000 and the net cash balance $7,500,000. Deducting the cash balance, the net debt was reduced from $944,000,000 to $935,000,000.

UNITED STATES PUBLIC DEBT.

	Oct. 1, 1906.	*Nov. 1, 1906.*	*Dec. 1, 1906.*	*Jan. 1, 1907.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,450	116,755,450	116,755,550	114,314,300
Refunding certificates, 4 per cent	26,040	25,990	25,930	25,870
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$925,159,200	$925,159,250	$925,159,190	$922,717,880
Debt on which interest has ceased	1,126,375	1,123,205	1,118,975	1,118,765
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct	45,574,178	45,590,183	45,922,015	46,632,072
Fractional currency	6,865,237	6,865,237	6,865,237	6,865,237
Total non-interest bearing debt	$399,173,713	$399,189,719	$399,521,550	$400,232,208
Total interest and non-interest debt	1,325,459,289	1,325,472,174	1,325,799,716	1,324,068,853
Certificates and notes offset by cash in the Treasury:				
Gold certificates	581,740,869	619,617,869	628,059,869	639,114,869
Silver certificates	478,562,000	477,368,000	477,203,000	476,256,000
Treasury notes of 1890	7,021,000	6,912,000	6,827,000	6,616,000
Total certificates and notes	$1,067,323,869	$1,103,897,869	$1,112,089,869	$1,121,986,869
Aggregate debt	2,392,783,158	2,429,370,043	2,437,889,585	2,446,055,722
Cash in the Treasury:				
Total cash assets	1,546,307,374	1,581,633,247	1,606,369,796	1,628,974,834
Demand liabilities	1,175,094,278	1,208,332,437	1,224,899,509	1,239,977,758
Balance	$371,213,096	$373,300,810	$381,470,287	$388,997,076
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	221,213,096	223,300,810	231,470,287	238,997,076
Total	$371,213,096	$373,300,810	$381,470,287	$388,997,076
Total debt, less cash in the Treasury	954,246,193	952,171,364	944,329,429	935,071,777

MONEY IN CIRCULATION IN THE UNITED STATES.—About $14,000,000 was added to the volume of circulation in December bringing the total up to $2,884,000,000 and the per capita to $33.78 in each case the highest point ever recorded.

MONEY IN CIRCULATION IN THE UNITED STATES.

	Oct. 1, 1906.	Nov. 1, 1906.	Dec. 1, 1906.	Jan. 1, 1907.
Gold coin	$684,268,074	$687,685,761	$685,974,422	$692,623,564
Silver dollars	81,662,707	83,606,468	84,211,919	85,377,835
Subsidiary silver	116,091,510	120,278,648	122,261,710	124,120,988
Gold certificates	541,857,929	575,958,419	572,972,119	580,395,199
Silver certificates	474,338,310	473,419,449	470,118,583	467,817,025
Treasury notes, Act July 14, 1890	6,988,562	6,894,518	6,811,576	6,600,829
United States notes	342,858,598	344,516,149	343,260,322	341,908,358
National bank notes	564,148,004	574,522,374	583,463,604	585,056,585
Total	$2,812,133,694	$2,866,882,786	$2,869,074,255	$2,883,900,828
Population of United States	85,014,000	85,131,000	85,249,000	85,367,000
Circulation per capita	$33.08	$33.68	$33.66	$33.78

MONEY IN THE UNITED STATES TREASURY.—The total money in the United States Treasury increased nearly $5,000,000, but a similar increase in certificates issued leaves the net amount about the same as it was a month ago, $342,000,000.

MONEY IN THE UNITED STATES TREASURY.

	Oct. 1, 1906.	Nov. 1, 1906.	Dec. 1, 1906.	Jan. 1, 1907.
Gold coin and bullion	$855,572,704	$878,982,870	$890,924,490	$894,394,821
Silver dollars	486,588,148	484,645,062	484,039,611	482,878,625
Subsidiary silver	4,055,285	3,506,651	3,898,072	3,720,430
United States notes	3,822,418	2,164,867	3,420,694	4,772,668
National bank notes	9,755,104	8,649,611	9,916,945	11,105,884
Total	$1,359,793,659	$1,377,898,561	$1,392,194,812	$1,396,867,428
Certificates and Treasury notes, 1890, outstanding	1,023,194,801	1,056,272,386	1,049,902,278	1,054,813,058
Net cash in Treasury	$336,598,858	$321,626,175	$342,292,534	$342,054,440

SUPPLY OF MONEY IN THE UNITED STATES.—By an increase of $10,000,000 in gold, nearly $2,000,000 is subsidiary silver and about $3,000,000 in national banq notes, the total supply of money was increased $14,500,000. There is now nearly $3,226,000,000 of money in the country.

SUPPLY OF MONEY IN THE UNITED STATES.

	Oct. 1, 1906.	Nov. 1, 1906.	Dec. 1, 1906.	Jan. 1, 1907.
Gold coin and bullion	$1,539,840,778	$1,566,619,131	$1,576,898,912	$1,587,018,885
Silver dollars	568,250,855	568,251,580	568,251,580	568,251,580
Subsidiary silver	120,056,795	123,785,299	126,154,782	127,841,368
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	573,903,108	583,171,985	593,380,549	596,162,469
Total	$3,148,732,552	$3,188,508,961	$3,211,366,789	$3,225,954,768

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—At a recent meeting of the directors of the United States Mortgage and Trust Company, a regular semi-annual dividend of ten per cent. was declared and an extra dividend of four per cent., making a total dividend of 24 per cent., the largest in the history of the company. The directors also resolved to open a branch office in the Bishop Building, at 125th street and Eighth avenue.

—Francis M. Bacon, Jr., a member of the dry goods commission firm of Bacon & Co., has been elected vice-president of the Citizens' Central National Bank, succeeding Ewald Fleitmann, deceased.

—The Lincoln Trust Company has opened another branch to its main office at Madison Square. The new offices are at Broadway and Seventy-second street. The vaults are made of manganese burglar-proof steel and are said to be the largest in the up-town section of the city.

—An amendment to the constitution of the New York Clearing-House Association has been adopted, the effect of which is to give the association supervision over the consolidation of any clearing-house bank with any other institution. The amendment adopted reads:

"Whenever a member of this association shall make any change in its condition, either in its management, or its ownership, or any change in its charter, or shall merge with any other institution, not a member of this association, the clearing-house committee shall have the power to examine said member and submit the question of a continuance of its membership to the association; any action on which question must receive the same assent as provided in the case of the admission of members."

—The dividend paid by the First National Bank was recently put on a basis of thirty-two per cent. annually by the declaration by the directors of a quarterly dividend of eight per cent. The last quarterly dividend paid was at the rate of 6¼ per cent. or twenty-five per cent. annually.

—It is probable that the capital of the Chemical National Bank will be increased, out of the surplus, from $300,000 to $3,000,000.

—The Bank of Long Island, which has offices at several points in the Borough of Queens, is showing a steady gain in deposits. On January 2, 1903, the date of merger of the Far Rockaway Bank, Bank of Jamaica and Flushing Bank, total deposits were $2,139,828, and since that time they have been as follows: October 3, 1903, $3,108,404; October 3, 1904, $3,607,932; October 3, 1905, $4,479,595; October 3, 1906, $6,149,458.

—H. A. Davidson, secretary of the Home Trust Company of New York, located at 184 Montague street, Brooklyn, has declared its first semi-annual dividend of two per cent., payable January 15.

—It is announced that the European-American National Bank of New York city has been organized with a capital of $200,000 by Frank Zotti, Frank R. Marsh, Lyman McCanty, Charles S. Lede, S. F. B. Morse and William Grant Brown.

—David A. Sullivan, president of the Union Bank of Brooklyn, has bought a controlling interest in the Mechanics and Traders' Bank of New York city.

NEW ENGLAND STATES.

—Plans are under consideration for the merger of the National Exchange Bank of Boston with the National Shawmut Bank.

The National Exchange Bank is one of the oldest institutions in the city, having been incorporated in 1847. It has $1,000,000 capital and about $7,000,000 deposits.

The National Shawmut Bank has long been the largest national institution in Boston, having absorbed about ten smaller banks in the last dozen years.

Its capital is $3,500,000. It has a surplus and undivided profits of over $4,000,000.

Stockholders of the Exchange Bank not wishing to accept the offer of the Shawmut will receive the value of their stock in liquidation, if the stockholders vote to liquidate the bank. A meeting to consider the question of liquidation has been called for January 31.

MIDDLE STATES.

Directors of the Montclair (N. J.) Trust Company have voted to return to the stockholders of record on Dec. 31 the $50 a share originally paid in as surplus, the earnings of the company having reached $100,000. After this dividend of fifty per cent. is distributed it will still leave $100,000 surplus. The capital is also $100,000. The company began business in May, 1901. Its deposits are now $3,500,000.

—At the recent annual meeting of the Philadelphia Bank Clerks' Beneficial Association the following officers were elected: President, R. E. Wright; vice-president, David S. Craven; treasurer, J. V. Ellison; recording and corresponding secretary, Fred F. Spellissy; directors, W. Depuy, Theodore Musgrove, R. H. Fels, Charles F. Wignall, H. Hutchinson, B. M. Faires, S. D. Jordan, Charles Calwell, H. L. Dunlap, E. B. McCarthy and W. G. Littleton.

The treasurer's report showed that the invested funds and cash on hand amount to $36,267.

—A meeting of the Council of Administration of the Pennsylvania Bankers' Association was held in Philadelphia on December 7, Joseph Wayne, Jr., cashier of the Girard National Bank, Philadelphia, presiding. Several legislative measures were considered.

For the better protection of depositors it was recommended that the appropriation to the Banking Department of Pennsylvania be increased so as to provide for at least two more bank examiners, and "that the Banking Department adopt and enforce a rule requiring at least two examinations each year of each state financial institution except building and loan associations."

The abandonment by trust companies in Pennsylvania of the power to carry purely fidelity insurance was favored, but such concerns, it was stipulated, should have reserved to them the power to become surety in all legal proceedings.

Patterning after an act of the New York Legislature, a bill was approved which defines and legalizes the classes of investments into which funds of savings banks and trust funds held by corporations or individuals may be put.

In view of the fact that there is no law for the creation of a reserve fund in trust companies, banking companies and savings banks, a bill was approved providing for such a fund, to consist of fifteen per cent. on demand deposits and 7½ per cent. on time deposits.

"To provide revenue by levying a tax upon the shares of stock of trust companies, etc.," a bill was approved which demands that "the tax be five mills on actual value of shares, to be arrived at by adding capital stock, surplus and undivided profits and dividing by the number of shares issued."

WESTERN STATES.

—Charles C. Brown, formerly cashier of the First National Bank, Kenosha, Wis., recently resigned to become secretary and manager of the sales department of the Simmons Manufacturing Co. He retains all his interests in the bank, and as vice-president will continue to give attention to its affairs.

—Stockholders of the Prairie State National Bank, Chicago, have approved the increase of the capital from $250,000 to $500,000.

—On October 1, 1906, the Franklin (Neb.) State Bank celebrated its fifth anniversary. For the first five years its capital was only $5,000, but the deposits grew to $140,270. One of the explanations of this success is to be found in the progressive character of the management, and confidence has been inspired by the large amount of cash on hand and in banks—$54,137 on the date named. The capital of the bank (which is all owned by Carson Hildreth, the president) is now $15,000; surplus $1,000 and profits $2,306. Mr. Hildreth also owns the Macon (Neb.) State Bank.

—With this month the People's Savings Bank of Moline, Ill., reached its fiftieth year, having been organized in January 1857. The bank now has $150,000 capital, $50,000 surplus and over $29,000 undivided profits. Its deposits are about $2,000,000.

—An increase of $500,000 has been made in the capital of the Illinois Trust and Savings Bank, Chicago, making the total capital $5,000,000, with $3,000,000 surplus and $2,403,522 undivided profits.

—Improvements of a substantial character have just been completed in the banking-rooms of the James River National Bank of Jamestown, North Dakota. Floor space twenty-five by eighty feet has been added, and the furniture and vault equipment greatly improved.

—An increase of the capital stock of the Commercial National Bank of Chicago has been made from $2,000,000 to $3,000,000. As the new stock is to be sold at $300 a share, there will be left $2,000,000 to be added to surplus account, bringing this item up to nearly $4,000,000.

—While the organization of the North Avenue State Bank of Chicago was perfected last summer, the bank did not open for business until December 10, owing to the delay in completing its new building, which is one of the most perfectly appointed in the outlying districts of the city. L. C. Rose, of the Colonial Trust Co., is president, A. W. Underwood, vice-president, and Charles E. Schick, cashier.

—The First National Bank, of Dickinson, North Dakota, which was established in 1890, has the distinction of having the largest surplus, in proportion to capital, of any bank in the state. Its capital is $50,000 and surplus and profits $100,000. Deposits are now $1,200,818—an increase of upwards of $300,000, which is remarkably good, considering that the population of Dickinson is only 4,000.

—On November 12 the 406 State banks and Mutual Savings banks of Wisconsin reported $114,308,381 total assets, a gain of $4,712,268 compared with the statement of September 4, 1906. Between the dates named there was an increase of five in the number of banks.

—It is reported that the business of the State Savings Bank and the People's Savings Bank, Detroit, Mich., have been consolidated, forming a new institution to be called the People's State Bank.

—The First National Bank of Casselton is one of the oldest and strongest national banks in North Dakota. Its national charter was issued in 1882 and the bank has been a prosperous and profitable institution. In 1903, R. C. Kittel, one of the youngest bank presidents in the state, and his associates purchased a controlling interest. The number of directors was increased from five to eleven, and Mr. Kittel was elected president. Under his active management the business has prospered and deposits have reached $300,000, the largest in the history of the bank. A noteworthy feature is the fact that a large majority of the directors of this bank are well-to-do farmers living in the vicinity of Casselton, who, in addition to their farming and interests are heavy investors in farm mortgages. Casselton is situated in the very heart of one of the richest farming communities and these farmer-bankers evidence their faith in the country by investing their money where they made it.

This bank is managed along modern lines, is at all times safe and conservative, and has complete and active collection, farm loan, and advertising departments. The capital of this bank is $35,000, surplus $7,000, undivided profits $2,775, and deposits $295,221.

PACIFIC SLOPE.

—A meeting of the stockholders of the Mercantile Trust Company of San Francisco will be held on February 6, to vote on an increase of the capital stock from $1,000,000 to $2,000,000.

—The Yellowstone National Bank of Billings, Montana, has gained $400,000 deposits in the past year. From November 12 last to December 3 the deposits increased from $950,000 to over $1,000,000. This bank is the only United States depository at Billings.

—Arizona has increased its banking assets 600 per cent. in the last ten years, or at the rate of 60 per cent. a year. There are now forty banks doing business in the Territory, compared with twelve in 1896. In the ten years 1896-1906 the capital increased from $637,000 to $1,667,000; surplus from $157,000 to $1,151,000; individual deposits from $1,548,00 to $13,708,000.

CANADA.

—The statement of the result of the business of the Canadian Bank of Commerce for the year ending November 30, 1906, is as follows:

Balance at credit of profit and loss account, brought forward from last year...	$58,871.76
Net profits for the year ending November 30, after providing for all bad and doubtful debts	1,741,125.40
	$1,799,997.16

Which has been appropriated as follows:

Dividends Nos. 78 and 79, at seven per cent. per annum	$700,000.00
Bonus of one per cent	100,000.00
Written off bank premises..	341,434.78
Transferred to pension fund (annual contribution)	30,000.00
Subscription to San Francisco Relief Fund	25,000.00
Transferred to rest account.	500,000.00
Balance carried forward ...	103,562.48
	$1,799,997.16

Deposits of this bank on November 30 were $87,152,536.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

APPLICATIONS TO ORGANIZE NATIONAL BANKS APPROVED.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Sierra Madre, Cal.; by C. S. Kersting, et al.
First National Bank, Idabel, I. T.; by C. A. Denison, et al.
First National Bank, Minco, I. T.; by T. T. Johnson, et al.
First National Bank, Walker, Ia.; by W. F. Beddow, et al.
First National Bank, Russell, Ky.; by W. T. S. Blackburn, et al.
Austin National Bank, Austin, Nev.; by S. R. Earnest, et al.
First National Bank, Arlington, N. J.; by J. T. Sproull, et al.
First National Bank, Tenafly, N. J.; by C. E. Finlay, et al.
Security National Bank, Oklahoma City, Okla.; by W. F. Young, et al.
Citizens National Bank, Luling, Tex.; by A. K. Lipscomb, et al.
First National Bank, Riverton, Wyo.; by H. G. Hay, et al.
Farmers National Bank, New Holland, Pa.; by E. L. Roseboro, et al.
First National Bank, Evanston, Wyo.; by Charles Stone, et al.
Commercial National Bank, Brady, Tex.; by W. D. Crothers, et al.

Bound Brook National Bank, Bound Brook, N. J.; by R. H. Brokaw, et al.
Massanutten National Bank, Strasburg, Va.; by J. W. Eberly, et al.
First National Bank, South Pasadena, Cal.; by Chas. Ewing, et al.
Escanaba National Bank, Escanaba, Mich.; by J. K. Stack, et al.
Ouachita National Bank, Monroe, La.; by T. E. Flournoy, et al.
Lyndora National Bank, Lyndora, Pa.; by J. V. Ritts, et al.
Union National Bank, Glasgow, Mont.; by J. E. Arnot, et al.
New Boston National Bank, New Boston, Tex.; by Jno. J. King, et al.
Glasgow National Bank, Glasglow, Mont.; by G. E. Hurd, et al.
First National Bank, Hugo, Colo.; by J. P. Dickinson, et al.
First National Bank, Edwardsville, Pa.; by L. Edwards, et al.
First National Bank, Vale, Oreg.; by S. D. Simpson, et al.
First National Bank, Ashley, Pa.; by W. L. Raeder, et al.
First National Bank, Viroqua, Wis.; by H. P. Proctor, et al.
First National Bank, Colchester, Ill.; by G. A. Shipplett, et al.
First National Bank, Mullan, Idaho: by W. D. Greenough, et al.
First National Bank, Walthill, Neb.; by C. C. Maryott, et al.
Citizens National Bank, Eureka Springs, Ark.; by W. M. Duncan, et al.
National Bank, Colchester, Ill.; by A. Eads, et al.
First National Bank Estancia, N. M.; by J. F. Lasater, et al.
First National Bank, Hemphill, Tex.; by A. M. Jones, et al.
First National Bank, McClusky, N. D.; by E. B. Robertson, et al.
First National Bank, Clifton Springs, N. Y.; by W. F. Smallwood, et al.

APPLICATION FOR CONVERSION TO NATIONAL BANKS APPROVED.

California State Bank, Sacramento, Cal.; into California National Bank.
Mahnomen State Bank, Mahnomen, Minn., into First National Bank.
Citizens Bank & Trust Co., New Albany, Miss., into First National Bank.

Bank of Frederic, Frederic, Wis., into First National Bank.
Chautauqua County Trust Co., Jamestown, N. Y., into National Chautauqua County Bank.
Commercial Bank, Eureka Springs, Ark., into First National Bank.
Farmers & Merchants Bank, Seiling, Okla., into First National Bank.
Bank of Moss Point, Moss Point, Miss., into Pascagoula National Bank.

National Banks Organized.

8444—First National Bank (successor to Grantsburg State Bank), Grantsburg, Wis.; capital $25,000; Pres., F. H. Wellcome; Vice-Pres., Ole Erickson; Cashier, H. A. Anderson; Asst. Cashier, Emil Swenson.
8445—First National Bank, Lenoir, N. C.; capital, $50,000; Pres., T. J. Lutz; Vice-Pres., J. B. Atkinson; cashier, O. P. Lutz.
8446—Citizens National Bank, East Mauch Chunk, Pa.; capital, $50,000; Pres., Quinton Stemler; Vice-Pres., Frank Schwartz; Cashier, James H. Liebenguth.
8447—First National Bank, Coatesville, Ind.; capital, $25,000; Pres., William T. Beck; Vice-Pres., Jesse Masten; Cashier, J. M. Reeds.
8448—First National Bank (Successor to First State Bank), Sanborn, N. D.; capital, $25,000; Pres., W. L. Wetherill; Vice-Pres., Carl O. Langer; Cashier, Louis Malm.
8449—First National Bank, DeKalb, Tex.; capital, $25,000; Pres., G. W. Blakeney; Cashier, E. M. Crump.
8450—First National Bank, Lilly, Pa.; capital, $25,000; Pres., John Leahey; Cashier, A. F. Hunt.
8451—Farmers' National Bank; Madisonville, Ky.; capital, $50,000; Pres, G. R. Lynn; Vice-Pres., O. Fowler; Cashier, C. O. Osburn.
8452—Copelan National Bank, Greensboro, Ga.; capital, $50,000; Pres., E. A. Copelan; Vice-Pres., E. W. Copelan and J. B. Williams; Cashier, E. A. Kimbro.
8453—National Chautauqua County Bank (Successor to Chautauqua Co. Trust Co.), Jamestown, N. Y.; capital, $250,000; Pres., C. M. Dow; Vice-Pres., F. W. Stevens and H. P. Sheldon; Cashier, F. W. Hyde; Asst. Cashier, F. M. Rich.
8454—First National Bank (Successor to Bayonne Bank), Bayonne, N. J.; capital, $100,000; Pres., Geo. Carragan; Vice-Pres., G. W. Young; Cashier, F. G. Perkins.
8455—Central National Bank, St. Louis, Mo.; capital, $1,000,000; Pres., E. S. Lewis; Vice-Pres., J. C. Roberts and R. D. Lewis; Cashier, J. H. Byrd.
8456—Southern Maryland National Bank, La Plata, Md.; capital $25,000; Pres., Adrian Posey; Cashier, Jno. S. Button. Conversion of the Southern Maryland Savings Bank.
8457—First National Bank, Madison, Ill.; capital, $50,000; Pres., F. Troeckler; Cashier, Warren Champion.
8458—First National Bank, Midland City, Ala.; capital, $25,000; Pres., S. M. C. Howell; Vice-Pres., J. R. G. Howell; Cashier, G W. Kelly; Asst. Cashier, A. J. Beverett.
8459—First National Bank, Ambridge, Pa.; capital, $50,000; Pres., E. E. Patton; Vice-Pres., John Reid Miner; Cashier, F. E. Pratt.
8460—New Farley National Bank, Montgomery, Ala.; capital, $200,000; Pres., L. B. Farley; Vice-Pres., B. P. Crum; Cashier, L. W. Tyson; Asst. Cashier, J. J. Flowers.
8461—Citizens National Bank, Greenwood, Ind.; capital, $25,000; Pres., Harvey Brewer; Cashier, Wm. Adcock.
8462—First National Bank, Garfield, N. J.; capital, $25,000; Pres., C. Doremus; Vice-Pres., J. Formanns; Cashier, J. G. Frazza.
8463—First National Bank, Dexter, N. Y.; capital, $30,000; Pres., A. A. Phelps; Vice-Pres., J. T. Outterson; Cashier, J. W. Northup.
8464—Farmers & Traders National Bank; Clearfield, Pa.; capital, $100,000; Pres., Isaac Stage; Vice-Pres., G. W. Ellenberger, G. B. Passmore and Isaac Straw; Cashier, G. B. Rickenbaugh.
8465—Seminole National Bank, Seminole, Tex.; capital, $25,000; Pres., W. H. Brennaud; Vice-Pres., Robt. Malone; Cashier, W. P. Love.
8466—First National Bank, Bertrand, Neb.; capital, $25,000; Pres., J. A. Slater; Vice-Pres., C. Swanson; Cashier, R. J. Slater.
8467—First National Bank, Conway Springs, Kans.; capital, $25,000; Pres., H. F. Lane; Vice-Pres., J. H. Lane; Cashier, C. D. Sample.
8468—First National Bank, La Harpe, Ill.; capital, $50,000; Pres., J. H. Hungate; Vice-Pres., Q. W. Hungate; Cashier, R. B. Williams; Asst. Cashier, J. M. Hungate.
8469—First National Bank, Bazile Mills, Neb.; capital, $25,000; Pres., G. A. Brooks; Vice-Pres., S. N. Saunders; Cashier, W. C. Brown. Conversion of the Bank of Bazile Mills.
8470—Vickery National Bank, Lavonia, Ga.; capital, $25,000; Pres., C. W. Vickery; Vice-Pres., J. O. Shirley; Cashier, A. B. Vickery.
8471—National Exchange Bank, Chester, S. C.; capital, $100,000; Pres., J. L. Glenn; Vice-Pres., S. M. Jones; Cashier, M. S. Lewis; Asst. Cashier, B. M. Spratt, Jr.
8472—Security National Bank, Oklahoma City, Okla.; capital, $100,000; Pres. Wm. Mee; Vice-Pres., W. F.

Young, S. R. Raymond and O. G. Lee; Cashier, Wm. Raymond.

8473—First National Bank, Greenfield, Ill.; capital, $55,000; Pres., J. R. Sheffield; Cashier, R. Metcalf; Asst. Cashiers, G. A. Hutchinson and C. R. Sheffield.

8474—Norwood National Bank, Norwood, Mass.; capital, $100,000; Pres., G. F. Willett; Vice-Pres., C. T. Wheelock; Cashier, E. D. Smith.

8475—First National Bank, Tuttle, I. T.; capital, $25,000; Pres., W. S. Bunting; Vice-Pres., H. C. Abbott; Cashier, J. A. Daugherty.

8476—First National Bank, Walker, Minn.; capital, $25,000; Pres., E. I. P. Staede; Vice-Pres., M. J. Quam; Cashier, F. B. Davis.

8477—Manufacturers National Bank, Newman, Ga.; capital, $60,000; Pres., H. H. North; Vice-Pres., R. D. Cole, Jr.; Cashier, N. L. North.

8478—First National Bank, Cheviot, Ohio; capital, $25,000; Pres., W. L. Finch; Vice-Pres., Geo. Bentel; Cashier, A. Markland.

8479—First National Bank, Porum, I. T.; capital, $25,000; Pres., C. J. O'Keefe; Vice-Pres., H. M. Lichty; Cashier, C. M. Scott.

8480—First National Bank, Bristol, S. D.; capital, $25,000; Pres., F. Stevens; Cashier, T. Strandness.

8481—First National Bank, Sunnyside, Wash.; capital, $50,000; Pres., L. A. Johnson; Vice-Pres., H. M. Lichty; Cashier, C. M. Scott.

8482—First National Bank, Maquon, Ill.; capital, $35,000; Pres., F. C. Bearmore; Vice-Pres., J. Wolf; Cashier, H. F. Townsend.

NEW STATE BANKS, BANKERS, ETC.

ARKANSAS.

Banxite—Bank of Banxite; capital, $5,000; Pres., J. R. Gibbons; Vice-Pres., H. W. Bagby; Cashier, J. J. Beavers.

Carlisle—Bank of Carlisle; capital, $10,000; Pres., J. R. Wells; Vice-Pres., W. H. Nichols; Cashier, R. A. Hutson.

Lonoke—Bank of Lonoke; capital, $25,000; Pres., W. P. Fletcher; Vice-Pres., M. L. Wolt; Cashier, W. P. Fletcher, Jr.

Perryville—Bank of Perryville; capital, $5,000; Pres., J. E. Rose; Vice-Pres., J. H. Bowen; Cashier, W. A. Harp.

CALIFORNIA.

Azusa—Azusa Valley Savings Bank; capital, $12,500; Pres., W. R. Powell; Vice-Pres., W. W. Heth; Cashier, H. L. Johnson.

Dolgeville—Bank of Dolgeville; capital, $12,500; Pres., W. M. Mead; Vice-Pres., Alfred Dolge; Cashier, R. M. Wallace; Asst. Cashier, R. B. Wallace.

DISTRICT OF COLUMBIA.

Washington—Realty Banking & Trust Co.; capital, $1,000,000; Pres., Geo. C. Hazelton; Vice-Pres., H. M. Baker; Treas. C. C. Leavens.

GEORGIA.

Americus—Americus Trust & Savings Bank; capital, $15,000; Pres., L. A. Lawrey; Vice-Pres., C. Wheatley; Cashier, M. M. Lawrey; Asst. Cashier, R. E. McNulty.

Cartersville—Home Savings Bank; capital, $15,000; Pres., R. B. Harris; Vice-Pres., J. R. Trippe; Cashier, F. M. Remer; Asst. Cashier, F. P. Crawford.

Hazelhurst—Bank of Hazelhurst; Pres., J. W. Hinson; Vice-Pres., J. L. Williams; Cashier, J. McKnight.

LaGrange — LaGrange Savings Bank; capital, $25,000; Pres., F. E. Callaway; Vice-Pres., C. V. Truitt; Cashier, N. R. Hutchinson.

FLORIDA.

MacClenny—Baker County State Bank; capital, $15,000; Pres., J. C. Sheffield; Cashier, J. H. Long.

ILLINOIS.

Raritan—Raritan Union Bank; capital, $10,000; Pres., J. Mulligan; Vice-Pres., Wm. Vorhees; Cashier, J. K. Bany.

Springfield—Lincoln Bank; capital, $100,000; Pres., J. R. B. VanCleve; Vice-Pres., Alfred Booth; Cashier, A. H. Rankin.

INDIANA.

Chrisney—Chrisney State Bank (Successor to People's Bank); capital, $25,000; Pres., J. B. Chrisney; Vice-Pres., R. T. Grigsby; Cashier, J. C. Fella.

Mulberry—Mulberry State Bank; capital, $25,000; Pres., D. H. Yundt; Cashier, A. J. Yundt.

Pekin—Citizens' Bank—Pres., Thos. Bellows; Vice-Pres., W. A. Graves; Cashier, Geo. A. Halmhuber.

Wallace—Farmers' Bank; capital, $15,000; Pres., C. E. Short; Vice-Pres., J. J. Rivers; Cashier, J. J. Williams; Asst. Cashier, J. E. Fin.

INDIAN TERRITORY.

Alex—First Bank of Alex; capital, $5,000; Pres., W. V. Alexander; Vice-

Pres., A. T. Garner; Cashier, Richard Rudesill.

Catoosa—Oklahoma Trust Co.; capital. $100,000; Pres., F. W. Casner; Vice-Pres., E. G. Wilson; Cashier, E. G. Wilson.

Ninnehah—Citizens State Bank capital, $12,500; Pres., G. R. Beeler; Vice-Pres., F. G. Beeler; Cashier, C. M. Lents.

IOWA.

Wadena—Wadena Savings Bank; capital, $10,000; Pres., E. C. Fennell; Vice-Pres., J. D. Shaffer; Cashier, J. O. Brobert.

KANSAS.

Coyville—State Bank; capital, $10,000; Pres., F. M. Robertson; Vice-Pres., J. R. Greathouse; Cashier, C. Kincaid.

Linn—Farmers State Bank; capital, $10,000; Pres. J. C. Collins; Vice-Pres., J. W. Kaler; Cashier, L. P. Bishop.

Longton—Home State Bank; capital, $10,000; Pres., G. W. Amsbury; Cashier, G. H. Amsbury.

Macksville—Farmers & Merchant's State Bank; capital, $12,000; Pres., W. M. Stack; Vice-Pres., J. W. McKibens; Cashier, B. F. Guizlo.

Meriden—Peoples State Bank; capital, $10,000; Pres., W. J. May; Vice-Pres., J. H. Dowgan; Cashier, W. A. Gardner.

Mulvane—Farmers State Bank; capital, $10,000; Pres., Geo. Muller; Vice-Pres., S. J. Butts; Cashier, Chas. F. Turner.

Parker—Farmers State Bank; capital, $10,000; Pres., Thos. Slater; Vice-Pres., R. E. Battrell; Cashier, Edgar Davis.

St. George—St. George State Bank; capital, $12,000; Pres., W. Dalton; Vice-Pres., J. W. Wilhoit; Cashier, F. Davis; Asst. Cashier, W. B. Dalton.

Towanda—Towanda State Bank; capital, $10,000; Pres., R. H. Hazlett; Vice-Pres., A. Loncer; Cashier, J. W. Collins.

KENTUCKY.

Berry—Farmers' Deposit Bank; Pres., B. G. Gillespee; Vice-Pres., R. H. Lang; Cashier, J. E. Renakee.

Central City—Gish Banking Co.; capital, $15,000; Pres., S. J. Gish; Vice-Pres., E. M. Gish; Cashier, D. E. Lain.

Cromwell—Cromwell Deposit Bank; capital. $8,400; Pres., J. J. Stewart; J. E. Cooper; Cashier, J. P. Miller.

Fordsville—Bank of Fordsville; capital, $7,500; Pres., J. F. Cooper; Vice-Pres., T. E. Butler; Cashier, P. C. Cooper.

Golden Pond—Bank of Golden Pond; capital $7,500; Pres, W. R. Wilson; Vice-Pres., J. D. Gatlin; Cashier, A. L. Furnish.

LaGrange—Oldham Trust Co.; capital, $14,000; Pres., J. W. Yager; Vice-Pres., P. H. Head; Cashier, J. F. Yager.

Marion—Marion Bank; capital, $20,000; Pres., J. W. Blue; Vice-Pres., S. Gugenheim; Cashier, T. J. Yandell; Asst. Cashier, D. Woods.

Nortonville—First State Bank; capital, $15,000; Pres., B. Morton; Vice-Pres., W. S. Elgin; Cashier, G. O. Prowse.

Sunrise—Sunrise Deposit Bank; capital, $15,000; Pres., J. Criswell; Vice-Pres., L. T. Eckler; Cashier, E. C. Elliott.

Troy—Bank of Troy; Pres., N. G. Holloway; Vice-Pres., H. Mahan; Cashier. A. C. McClary.

LOUISIANA.

Mandville—Mandville Branch of St. Tammany Bkg. Co., & Sav. Bank; Asst. Cashier, F. Edw. Vix.

New Orleans—Third District Savings, Banking & Trust Co.; capital, $100,-000; Pres., E. J. Leonhard; Vice-Pres., P. Forschler; Cashier, H. A. S. Backer; Asst. Cashier, A. Fortier.

MARYLAND.

Baltimore—Title Guarantee & Trust Co.; capital, $200,000; Pres., E. G. Miller; Vice-Pres., Thos. Hill; Asst. Cashiers, J. H. Duncan, C. A. Fairbank, Jr.

MICHIGAN.

Dryden—Dryden State Bank (Successor to Bank of Dryden); capital, $20,-000; Pres., L. Berridge; Vice-Pres., R. Booth; Cashier, W. H. Shoup.

Riga—Farmers & Merchants Bank; capital, $15,000; Pres.. W. C. Jipson; Vice-Pres., J. J. Walper; Cashier, J. G. Bauer.

Rogers City—Presque Isle Co. Savings Bank (Successor to Presque Isle County Bank); capital, $20,000; Pres., P. H. Hoeft; Vice-Pres., G. Covey, Jr.; Cashier, C. H. Osgood.

Swartz Creek—Bank of Swartz Creek; capital. $200,000; Pres., C. J. Miller; Vice-Pres., I. T. Sayre; Cashier, A. F. Miller; Asst. Cashier, A. C. Proper.

Vermontville—Citizens Bank; capital. $15,000; Pres., H. Setterington; Vice-Pres., G. W. Gallatan; Cashier, Geo. Winter.

MINNESOTA.

Mankato—German American State Bank; capital, $25,000; Pres., L. Henline; Vice-Pres., W. J. Morebart; Cashier, W. C. Henline.

MISSOURI.

Dover—State Bank of Dover; capital, $10,000; Pres., H. L. Corbin; Vice-Pres., W. W. Meng; Cashier, O. G. Congdon.

Fredericktown — Fredericktown State Bank; capital, $12,000; Pres. Carl Schwaner; Vice-Pres., J. Muellersman; Cashier, A. V. Downs.

Lamar—Lamar State Bank; capital, capital, $10,000; Pres., C. D. Goodrum; Cashier, F. A. Lee.

Silex—Farmers Exchange Bank; capital, $7,500; Pres., J. M. Burns; Vice-Pres., I. L. Ellis; Cashier, J. J. Duncan; Asst. Cashier, W. T. Baker.

MONTANA.

Belfry—Bank of Belfry; capital, $5,000; Cashier, J. O. Higham; Asst. Cashier, J. F. Rich.

Laurel—Laurel State Bank; capital, $25,000; Pres., W. R. Westbrook; Vice-Pres. J. Chapple; Cashier, C. S. Marvin.

Thompson—First State Bank of Thompson Falls; capital, $20,000; Pres., W. A. Barto; Vice-Pres., W. E. Lee; Cashier, H. W. Reed.

NEBRASKA.

Comstock—Citizens State Bank; capital, $7,500; Pres., E. C. Gibbons; Vice-Pres., E. M. Brogg; Cashier, A. W. Marts.

Dunning—Dunning State Bank; capital, $10,000; Pres., L. E. Southwick; Cashier, H. J. Southwick.

Eustis—Pioneer Bank; capital, $8,000; Pres., C. S. Tunis; Vice-Pres., G. K. Halbein; Cashier, L. P. Soonson.

Lanham—State Bank; capital, $5,000; Pres., W. Wieters; Vice-Pres., T. B. Harvey; Cashier, A. M. Strunk.

Rosalie—Rosalie State Bank; capital, $5,000; Pres., E. R. Gurney; Vice-Pres., H. J. Recosman; Cashier, F. L. Gallagher.

Rosemont—Bank of Rosemont; capital, $5,000; Pres., H. Gund; Vice-Pres., C. F. Gund; Assts. Cashier, O. F. Ormsby.

NEW YORK.

Forestville—J. C. Hutchinson & Co.; Cashier, J. C. Hutchinson.

NORTH CAROLINA.

Aulander—Bank of Aulander; capital, $7,500; Pres., C. W. Mitchell; Vice-Pres., W. J. Harrell; Cashier, J. W. Mitchell.

Clarkton—Bank of Bladen; capital, $15,000; Pres., L. B. Evans; Vice-Pres., A. A. Clark; Cashier, E. C. Clark.

Stanley—Farmers & Merchants Bank; capital, $10,000; Pres., W. L. Jenkins; Vice-Pres., B. F. Carpenter; Cashier, O. C. Spaulding.

NORTH DAKOTA.

Brinsmade—Citizens State Bank; capital, $10,000; Pres., Z. Davidson; Vice-Pres., J. K. Harvey; Cashier, Thos. Ose.

Rusa—First State Bank; capital, $10,000; Pres., A. L. Ober; Vice-Pres., H. M. Stroud; Cashier, P. J. Wedge.

Ryder—Ryder State Bank; Pres., C. H. Ross; Vice-Pres., C. H. Davidson, Jr.

Sheynne—Farmers & Merchants Bank; capital, $8,350; Pres., L. B. Garnoas; Vice-Pres., O. T. Peterson; Cashier, J. E. Johnson; Asst. Cashier, J. McFarlane.

OHIO.

Fayette—Farmers State Bank; capital, $12,500; Pres., C. P. Grisier; Vice-Pres., J. A. Mattern; Cashier, F. O. Austin.

Lindsay—German Banking Co.; capital, $15,000; Pres., F. D. Prentice; Vice-Pres., L. Bloker; Cashier, Lewis Porter.

Perrysburg—Perrysburg Banking Co.; capital, $25,000; Pres., E. L. Kingsbury; Vice-Pres., E. E. Dorr; Cashier, T. M. Franey.

Pleasant Hill — American Exchange Bank; Pres., L. E. Levassor; Vice-Pres., C. E. Butterfield; Cashier, C. E. Butterfield; Asst. Cashier, E. M. Brown.

Tontogany — Tontogany Banking Co.; capital, $12,500; Pres., G. G. Bennett; Vice-Pres., A. F. Laning; Cashier, J. W. Swickard.

Wanseon—Peoples State Bank (Successor to Peoples Bank); capital, $50,000; Cashier, C. W. Struble.

OKLAHOMA.

El Reno—Commercial Bank; capital, $20,000; Pres., C. R. Miller; Vice-Pres., C. M. Standard; Cashier, E. Beebe.

Headwick—Farmers State Bank; capital, $10,000; Pres., J. A. Henry; Vice-Pres., F. A. Edwards; Cashier, H. B. Bellenger.

Terlton—State Bank of Terlton; capital, $10,000; Pres., Theo. Hayden; Vice-Pres., R. R. Dunn; Cashier, J. M. Hayden.

Wauricka—Bank of Wauricka; capital, $10,000; Vice-Pres., H. B. Johnson; Cashier, E. B. Ellis.

OREGON.

Philomath—First State Bank; capital. $10,000; Pres., A. J. Williams; Vice-Pres., C. F. Loomis; Cashier, James Evart.

Portland — Merchants Investment & Trust Co.; capital, $150,000; Pres., J. F. Watson; Vice-Pres., R. L. Durham; Cashier, O. W. Muelhampt; Sect., W. H. Fear; Asst. Sect., S. C. Catching.

PENNSYLVANIA.

Philadelphia—Peoples Trust Co.; capital, $750.000; Vice-Pres., J. L. Greenwald; Sec. and Treas., W. H. Harper.

RHODE ISLAND.

East Greenwich—Union Trust Co.; Mgr., L. M. Knowles.

SOUTH CAROLINA.

Hickory Grove—Bank of Hickory Grove; capital, $12,000; Pres., S. M. McNeel; Vice-Pres., W. S. Wilkerson; Cashier, N. M. McDill.

SOUTH DAKOTA.

Buffalo Gap—Buffalo Gap State Bank; capital, $5,000; Pres., M. H. Henne; Vice-Pres., L. T. Isham; Cashier, C. S. Isham.

Chester—Chester State Bank; capital, $5,000; Pres., I. L. Bratager; Vice-Pres., C. B. Huntimer; Cashier, J. E. Walker.

Mitchell—Mitchell Loan, Trust & Sav. Co.; capital, $80,000; Pres., W. M. Smith; Vice-Pres., E. J. Quigley; Secy., J. A. Mizener; Treas., E. A. Davison.

St. Onge—St. Onge State Bank; capital, $5,000; Pres., J. C. Headlee; Vice-Pres., W. I. Farley; Cashier, F. D. Headlee.

TENNESSEE.

Baxter—Baxter Bank & Trust Co.; capital, $5,000; Pres., J. C. Gentry; Vice-Pres., D. T. Maxwell; Cashier, L. Grace.

Harriman—Southern Bank & Trust Co.; capital, $100.000; Pres., B. F. Head; Vice-Pres., R. B. Cassell; Cashier, H. C. Boughman.

Manchester—Peoples Bank & Trust Co; Pres., J. P. Adams; Vice-Pres., J. A. Harpole; Cashier, A. F. Vincent, Jr.

Van Leer—Peoples Bank; Pres., W. A. Bell; Vice-Pres., W. F. McGee; Cashier, R. D. Massie.

Wartburg—Citizens Bank & Trust Co.; capital, $5,000; Pres., J. A. Monroe; Vice-Pres., W. S. Neil; Cashier, J. H. Jones.

TEXAS.

Abilene—Union Bank & Trust Co.; capital, $55,000; Pres., J. C. Russell; Vice-Pres., J N. Porter and A. O. Scarborough; Cashier., W. M. Lacy; Asst. Cashier, W. E. Morton.

Anahuac—Chambers Co. State Bank; capital, $10,000; Pres., B. H. Collins; Vice-Pres., R. D. White; Cashier, L. R. Miller.

Argyle—Argyle State Bank; capital, $10,000; Pres., W. J. Hamilton; Vice-Pres., G. A. Sehnobly; Cashier, W. J. Hamilton.

Avery—Avery Exchange Bank; Pres., W. W. Sanders; Cashier, W. D. Lawson.

Avoca—Avoca State Bank; capital, $10,000; Pres., L. M. Caton; Vice-Pres., B. C. Humphrey; Cashier, L. B. Roebuck; Asst. Cashier, A. F. Carter.

Brackettville—First State Bank of Brackettville; capital, $15,000; Pres., N. P. Peterson; Vice-Pres., M. P. Malone and H. G. Land; Cashier, G. A. Giddings.

Buffalo—Buffalo State Bank; capital, $10,000; Pres., S. R. Burroughs; Vice-Pres., C. H. Phillips; Cashier, J. O. McLarty.

Canadian—Canadian State Bank; capital, $32,500; Pres., E. H. Brainard; Vice-Pres., W. C. Isaacs; Cashier, Sam Isaacs.

Clarendon—Donley County State Bank; capital, $50,000; Pres., H. D. Ramsey; Vice-Pres., P. R. Stephens; Cashier, W. Knapp.

Claude—First State Bank; capital, $25,000; Pres., R. G. Dye; Vice-Pres., C. O. Kight; Cashier, T. J. Page.

Devine—First State Bank; capital, $10,000; Pres., G. W. Hester; Vice-Pres., S. P. Jameson; Cashier, S. C. Robertson.

Eagle Lake—Eagle Lake State Bank; capital, $40,000; Pres., W. Green; Vice-Pres., G. C. Duncan and J. R. Westmoreland; Cashier, M. E. Guynn; Asst. Cashier, J. E. Roberts.

Elgin—Merchants & Farmers State Bank; capital, $25.000; Pres., O. Bengtson; Vice-Pres., C. F. Berg and J. V. Morell; Cashier, C. Carlson; Asst. Cashier, A. H. Davis.

Harrold—Harrold Bank & Mercantile Co.; capital, $22,000; Pres., L. J. Massie; Cashier, J. Brownlee.

Huckabay—West Texas Bank; Pres., G. W. Riddle; Vice-Pres., L. Riddle; Cashier, W. Wheeler.

Liberty—First State Bank; capital, $10,000; Pres., J. A. Lovett; Vice-Pres., A. J. Mynatt; Cashier, J. W. Stubblefield.

Marion—Marion State Bank; capital, $17,000; Pres., H. D. Dreyer; Vice-Pres., L. Hirschfield; Cashier, H. Wimmer.

Mercury—Bank of Mercury; Pres., S. J. Cox; Cashier, T. J. Beasley; Asst. Cashier, J. M. Beasley.
Mobeetie—First State Bank; capital, $10,000; Pres., J. J. Long; Cashier, M. Huselby; Asst. Cashier, W. M. Durham.
Newark—Citizens' Bank; capital, $10.-000; Pres., W. R. Thompson; Vice-Pres., J. Z. Carter; Cashier, W. A. Green.
Plainview—Plainview Bank & Trust Co.; capital. $50.000; Pres., L. T. Lester; Vice-Pres., E. Graham; Cashier, J. B. Posey; Asst. Cashier, S. S. Sloneker.
Sequin—Sequin State Bank; capital, $25,000; Pres., E. F. Maurer; Vice-Pres., E. Aver; Cashier, C. W. Foster; Asst. Cashier, A. R. Maurer.
Stanton—Bank of Stanton; capital, $25,-000; Pres., F. O. Aiken; Cashier, E. F. Elkin.
Weatherford — Weatherford Bank & Trust Co.; capital, $125,000; Pres., W. D. Carter; Vice-Pres., R. P. Lowe; Cashier, A. N. Grant.
Yoakum—Yoakum State Bank (Successor to J. A. Lander & Co.); capital, $50.000; Pres., E. F. Wolters; Vice-Pres., A. Hagens; Cashier, J. E. Lander; Asst. Cashier, J. W. Van Ham.

VIRGINIA.

Norfolk—Union Trust & Title Corporation (Successor to Va. Title Co.); capital, $200,000; Pres., W. H. White; Vice-Pres., J. L. Roper and T. S. Southgate; Sec. and Treas. J. W. Gamble.

WASHINGTON.

Krupp—Farmers Bank; capital, $500,000; Pres., M. A. Wiley; Vice-Pres., C. T. Hansen; Cashier, B. F. Paff; Asst. Cashier, J. E. McGrath.

WISCONSIN.

Eau Claire—Eau Claire Savings Bank; capital, $50,000; Pres., W. H. Coffin; Vice-Pres., G. W. Lockwood; Cashier, F. S. Bouchard; Asst. Cashier, C. W. Dinger.
Reedsville—Reedsville State Bank; capital, $10,000; Pres., G. A. Zuehlke; Vice-Pres., N. A. O'Rourk; Cashier, E. C. O'Rourk.

WYOMING.

Dixon—Stockgrowers Bank; capital, $10,-000; Pres., A. R. Reader; Vice-Pres., O. A. Readle; Cashier, H. H. Nelson.

CANADA.

BRITISH COLUMBIA.

Fernie—Home Bank of Canada; capital, $795,000; Pres., E. O'Keefe; Vice-Pres., T. Flynn; Gen'l Mngr., J. Mason.

ONTARIO.

Bradford—Branch of Bank of Toronto; Gen'l. Mngr., D. Coulson.
Hastings—Branch of Bank of Toronto; Gen'l. Mngr., D. Coulson.

QUEBEC.

Ste. Croix—La Banque Provinciale du Canada; capital $2.000,000; Mngr., O. Robitaite.

SASKATCHEWAN.

Regina—Dominion Bank; capital, $3,000,-000; Mngr., A. C. Gray.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Cuba—Bank of Cuba; A. L. Vaughan, Vice-Pres.
Dothan—Third National Bank; O. E. Williams, Pres. in place of T. E. Williams, deceased.
Guin—Bank of Guin; capital increased to $20,000.
Talladega—Talladega National Bank; H. L. McEldery, Pres.. in place of J. H. Hicks.
Uniontown—Farmers' Bank; J. A. Robertson, Cashier.

ARKANSAS.

Alma—Bank of Alma; consolidated with the Farmers' Bank; capital increased to $35,000; L. W. Black remains Cashier; J. D. Kagy, Asst. Cashier.
Blytheville—Mississippi County Bank; W. E. Glenn, Pres.; E. L. Sawyer, Vice-Pres.
Brinkley—Bank of Brinkley; W. S. McCullough, Pres.; H. C. Strong, Cashier.
Little Rock—State National Bank; Chas. McKee, Vice-Pres.
Marianna—Lee County Bank; W. P. Weld, Cashier; J. L. Isaacs, Asst. Cashier.
Marshall—Marshall Bank; J. F. Henley, Pres., retired.
Portia—Bank of Portia; Wm. Dearman, Pres.; T. J. Sharum, Vice-Pres.; E. B. Ivie, Cashier.
Warren—Merchants & Planters Bank; capital increased to $50,000.

CALIFORNIA.

Lindsay—First National Bank; H. Bucksbaum, Asst. Cashier.
Los Angeles—Security Savings Bank; capital increased to $1,000,000.
Napa—James H. Goodman & Co.; J. C. Noyes, Vice-Pres., deceased.
Pasadena—Bankers' Savings Bank; H. Newby, Pres., E. J. Pyle, Vice-Pres.; H. D. Pyle, Cashier.
Redondo—First National Bank; M. H. Hellman, Pres. in place of H. W. Hellman; Asst. Cashier, J. A. Madden.
Sacramento—California State Bank; W. E. Gerber, Pres.; C. W. Clarke, Vice-Pres.
San Francisco—Citizens State Bank; R. E. Ragland, Pres.; I. J. Truman, Vice-Pres.; H. G. Behneman, Cashier; G. E. Semper, Asst. Cashier.
San Francisco — Commercial Bank & Trust Co.; title changed to Scandinavian Bank & Trust Co.—Citizens National Bank; W. F. Pierce, in place of D. S. Watson.
San Francisco—First National Bank; R. Spreckels, Pres. in place of S. G. Murphy; J. G. Hooper, Asst. Cashier.
Visalia—Bank of Visalia; C. M. Smith, Pres.; L. C. Hyde, Cashier.

COLORADO.

Denver—Denver Stock Yards Bank; D. J. A. Ritchie, Pres.; Wm. Bierkamp. Jr., Cashier.

CONNECTICUT.

Danbury—Union Savings Bank; C. D. Ryder, Sec. and Treas., resigned.
Hartford—State Savings Bank; Niles W. Graves, Treas., deceased.
Wallingford—Dime Savings Bank; L. M. Hubbard, Pres., deceased.

DELAWARE.

Newark—National Bank of Newark; J. W. Cooch, Pres. in place of J. Hossinger; G. W. Williams, Vice-Pres. in place of J. W. Cooch.
Wilmington—Farmers Bank; W. W. Lobdell, Pres. in place of J. L. Carpenter, Jr.

DISTRICT OF COLUMBIA.

Washington—Union Trust Co.; capital increased to $2,000,000.

FLORIDA.

Pensacola—People's Bank; capital increased to $100,000; J. W. Dorr, Cashier.

GEORGIA.

Canon—Canon Bank; Oscar L. Agnew, Cashier.
Columbus—National Bank of Columbus; capital increased to $200,000.
Conyers—Bank of Conyers; P. McDaniel, Cashier in place of T. D. O'Kelley, resigned.
Douglas—Citizens' Bank; W. W. McDonald, Vice-Pres., deceased.
Habira—Bank of Habira; W. H. McKinnon, Cashier.
Harlem—Bank of Harlem; F. H. Phillips, Pres.; F. R. Clark, Vice-Pres.
Lawrenceville—Bank of Lawrenceville; G. C. Webb, Asst. Cashier.
Lexington—Bank of Lexington; G. C. Glenn, Cashier.
Lyerly—Bank of Lyerly; J. M. Comer, Cashier.
Macon—Fourth National Bank; S. R. Jaques and B. P. O'Neal, Vice-Pres.
Mansfield—Bank of Mansfield; E. L. Almond. Pres.; J. M. Hurst, Vice-Pres.
Moultrie—Moultrie Banking Co.; W. C. Vereen, Pres. in place of W. W. Ashburn, deceased; J. B. Moran, Vice-Pres. in place of W. C. Vereen.
Parrott—Bank of Parrott; C. F. Oxford, Pres. in place of T. D. Manley.
Powder Springs—Bank of Powder Springs; J. H. McLendon, Cashier.
Sparks—Merchants & Farmers' Bank; capital increased to $50,000.
Washington—Bank of Wilkes; J. A. Moss., Pres.; B. Ficklen, Sr., Vice-Pres.; F. H. Ficklen, Cashier; capital increased to $50,000.
Wilkes—Bank of Wilkes; capital increased to $50,000.

IDAHO.

Sandpoint—First National Bank; A. W. Bowen, Asst. Cashier.

ILLINOIS.

Carrier Mills—First National Bank; F. E. Dodds, Cashier in place of H. C. Henderson.
Chicago—Illinois Trust & Savings Bank; capital increased to $5,000,000.
Dwight—Bank of Dwight (Private) has been incorporated, no change in title.
Evanston—State Bank; capital increased to $150,000.
Harrisburg—First National Bank; O. M. Karraker, Cashier in place of C. S. Wills; Asst. Cashier, L. Felts, in place of O. M. Karraker.
Lexington—State Bank; O. L. Hiser, Cashier in place of R. C. Keller, resigned.
Madison—First National Bank; L. S. Parker, Vice-Pres.
Mason City—Farmers State Bank; John Freeman, Pres.

Peoria—Savings Bank of Peoria; W. A. Herron, Pres., deceased.
Strawn—Farmers National Bank; Cashier, J. L. Anderson, in place of L. T. Tryon.

INDIANA.

Berne—Bank of Berne; C. A. Neuenschwander, Pres.; J. F. Lehman, Vice-Pres.
Darlington — Farmers & Merchants Bank; title changed to Merchants State Bank; capital increased to $25,000; A. Cox, Pres.
Greenwood—Citizens National Bank; C. B. Cook, Vice-Pres.
Huntingburg—People's State Bank; C. Behrens, Cashier, reported an embezzler; E. R. Brundick, Pres., resigned.
Indianapolis—German American Trust Co.; capital increased to $400,000.
Noblesville—Cicero Bank, reported sold to Farmers & Merchants' Bank.
South Bend—Merchants' National Bank; C. E. Campbell, Cashier in place of K. C. DeRhodes.
Worthington—Commercial Bank; incorporated; title changed to Commercial State Bank.

INDIAN TERRITORY.

Beggs—Farmers' State Bank; Albert Ewers, Pres.; L. D. Groom, Vice-Pres.; C. M. Humphrey, Cashier.
Miami—Miami Trust & Savings Bank; E. H. Smith, Pres.; J. W. Orr, Vice-Pres.; W. H. Trapp, Sec. and Treas.
Oktaha—First State Bank; D. H. Middleton, Pres.; T. Middleton, Vice-Pres.; A. M. Darling, Cashier.
Quinton—First National Bank; W. V. Galbreath, Pres. in place of J. S. Todd.
Skiatook—Skiatook Bank; absorbed First Bank of Skiatook.

IOWA.

Burlington—T. L. Parsons Trust Co.; capital increased to $400,000.
Davenport—German Savings Bank; consolidated with Citizens' National Bank under former title.
Des Moines—German Savings Bank; James Watt, Pres. in place of Chas. Weitz, deceased.
Des Moines—Iowa Trust & Savings Bank; A. B. Hange, Cashier.
Farson—Farmers' Savings Bank; absorbed by Farson Savings Bank.
Fonda—Pocahontas County Bank; succeeded by the Fairburn State Bank.
Guttenberg — Cuttenberg State Bank; Henry Eckart, Vice-Pres.
Hardy—State Bank of Hardy, succeeded by People's Savings Bank.
Lytoon—Lytoon Savings Bank and Farmers' Savings Bank, consolidated.
Manilla—First National Bank; R. C. Jackson, Cashier in place of W. H. Hart.
Maynard—Maynard Savings Bank; E. F. Warnke, Cashier, resigned.
McCausland—McCausland Bank; Frank Ringer, Cashier in place of E. P. Wingert, resigned.
Moulton—Moulton State Savings Bank; A. H. Corey, Cashier, resigned.
Oskaloosa — Oskaloosa Savings Bank; capital increased to $50,000.
Pleasantville—Citizens' Bank; A. Martin, Pres., deceased.
Red Oak—Farmers National Bank; L. D. Goodrich, Pres. in place of M. Chandler, deceased; J. B. Stair, Cashier in place of F. J. Brodby.
Rolfe—State Savings Bank; C. E. Fraser, Cashier, resigned.
State Centre—Dobbin & Whitson State Bank; O. J. Whitson, Pres., deceased.

KANSAS.

Atchison—Exchange National Bank; C. S. Hetherington, Cashier, deceased.
Beverly—Beverly State Bank; E. T. Skinner, Cashier.
Bronson—Bank of Bronson; J. Cooke, Pres.
Chanute—Bank of Commerce; C. W. Brown, Vice-Pres.; J. E. Ward, Asst. Cashier.
Cherokee — First National Bank; no president in place of W. E. Turkington; T. G. Wiles, Acting.
Delia—Delia State Bank; I. B. Alter, Pres.; D. M. Howard, Vice-Pres.; A. E. Moore, Cashier.
Dodge City—National Bank of Commerce; H. A. Burnett, Pres. in place of C. Q. Chandler; G. B. Dugan, Cashier in place of H. A. Burnett; R. P. Vernon Asst. Cashier in place of H. J. Hanson.
Fort Scott—Bank of Bronson purchased by Grant Hornaday and Joseph Cook.
Wamego—Wamego State Bank; succeeded by Wamego Bank; capital, $30,000.

KENTUCKY.

Carlisle—Deposit Bank; W. B. Ratliff, Pres. in place of C. Darnall, deceased.
Earlington—Earlington Bank; J. R. Rash, Pres.; P. B. Ross, Vice-Pres.
Fordville—Fordville Banking Co.; I. C. Adair, Cashier, deceased.
Lexington—Southern Banking & Trust Co.; B. T. Head, Pres.
Louisville—Commercial Bank & Trust Co.; E. W. Hays, Cashier.
Louisville—Kentucky Title Savings Bank; capital increased to $200,000.
Versailles—Bank of J. Amsden & Co.; Abner C. Hunter, Cashier in place of J. P. Amsden, deceased.

LOUISIANA.

Baton Rouge—People's Sav. Bank; capital increased to $100,000. Title changed to People's Trust & Savings Bank.
Franklinton—Bank of Franklinton; S. P. Richardson, Vice-Pres.
Monroe—Central Savings Bank & Tr. Co.; capital increased to $250,000.
New Iberia—Peoples National Bank; Lazard Kling, Pres., in place of James Gebert, deceased; G. C. Laugiin, Vice-Pres., in place of Lazard Kling.
New Orleans—People's Sav. Trust & Banking Co.; J. C. Collins, Pres. in place of L. Cucullu; H. Canwes, Vice-Pres., in place of J. C. Collins.
Paincourtville — Paincourtville Bank; Pierre L. Landry, Cashier.
Zachary—Bank of Zachary; Howell Morgan, Cashier.

MAINE.

Ellsworth—First National Bank; no Pres. in place of A. P. Wiswell, deceased.

MARYLAND.

Aberdeen—First National Bank; no Vice-Pres. in place of T. L. Hanway.

MASSACHUSETTS.

Fall River—Five Cents Savings Bank; Pres., James Marshall; Vice-Pres., D. F. Slade, Geo. S. Davol.
Greenfield—Franklin Savings Bank; J. L. Donovan, Sec. in place of F. R. Allen.
Haydenville—Haydenville Savings Bank; Byron Loomis, Pres.
Holyoke—Holyoke Co-operative Bank; F. J. Phelps, Sec.
Lawrence—Essex Savings Bank; Geo. E. Kunhardt, Vice-Pres.
Newton—First National Bank of West Newton; title changed to First National Bank of West Newton, Newton.
Northampton—Nonotuck Savings Bank; C. Coolidge, Vice-Pres.
Waltham—Waltham Savings Bank; Chas. F. Stone, Treas., resigned.

MICHIGAN.

Benzonia—Exchange Bank; succeeded by Central County Bank.
Grand Rapids — Commercial Savings Bank; capital reduced to $100,000.
Grand Rapids—Grand Rapids Savings Bank; Frank Coleman, Cashier; A. M. Goodwin, Asst. Cashier.
Hopkins Stations—Exchange Bank; succeeded by the Hopkins State Bank.
Middleton—Bank of Middleton; F. E. Kelsey, Cashier.
Saginaw—Savings Bank of East Saginaw; W. J. Bartow, Vice-Pres., deceased.

MINNESOTA.

Baudette—Security State Bank; J. C. Utton, Cashier.
Cloquet—Northwestern State Bank; C. W. Gardner, Pres.; E. C. Best, Vice-Pres.
Eden Valley—State Bank; C. H. March. Vice-Pres.
Fisher—Bank of Fisher; E. D. Kingsland, Cashier, resigned.
Lesueur Centre—First State Bank; J. C. Jackson, Cashier.
Lismore—State Bank; E. Brickson, Vice-Pres.
Mahnomen—First State Bank; H. C. Aamoth, Cashier.
Manchester—Manchester State Bank; Ole M. Oleson, Vice-Pres.
Mora—State Bank; F. W. Waterman, Cashier.
New Market—First State Bank; H. E. Cragim, Cashier.
North Redwood—Security Bank; F. Horejsi, Cashier.
Osakis—First National Bank; N. M. Evenson, Pres. in place of T. Jacobson; G. Herberger, Vice-Pres. in place of A. Jacobson; C. W. Long, Cashier in place of N. M. Evenson.
Stillwater—Lumbermen's National Bank; D. Bronson, Pres. in place of R. F. Hersey; A. J. Lehmicke, Vice-Pres. in place of D. Bronson.

MISSISSIPPI.

Biloxi—Bank of Biloxi; E. C. Tonsmeire, Cashier; B. A. Brond, Asst. Cashier.
Bay St. Louis—Merchants' Bank; C. L. Hopkins, Pres.
Indianola—Delta Penny Savings Bank; capital increased to $35,000.
Meridian—Union Bank & Trust Co.; Geo. W. Meyer, Pres., deceased; A. C. Hunter, Cashier, resigned.
Morton—Bank of Morton—T. B. Gladdis, Pres.
New Albany—Merchants & Farmers' Bank; P. J. Rainey, Pres.; M. F. Rogers, Vice-Pres.; B. H. Patterson, Cashier; Guy Robbins, Asst. Cashier.
Sledge—Bank of Sledge; W. A. Cole, Cashier.
West Point—Citizens' Bank; S. L. Hearn, Pres., deceased.

MISSOURI.

Flemington—Bank of Flemington; Geo. Thayer, Cashier.
Fordland—Bank of Fordland; capital increased to $10,000.
Gilliam—Gilliam Exchange Bank; J. R. Kirk, Cashier, deceased.
Glenwood—Logan's Bank; G. R. Hombs, Vice-Pres.

Kansas City—Bankers' Trust Co. and Southwestern Trust Co., consolidated.

Kingston—Kingston Savings Bank; E. L. Bowman, Cashier.

Malden—Dunklin County Bank; capital increased to $20,000.

Old Monroe—Bank of Old Monroe; H. H. Goos, Asst. Cashier.

Poplar Bluff—Bank of Poplar Bluff; capital increased to $100,000.

St. Louis—Wasserman Bros. & Co.; Bennett Wasserman, deceased.

Triplett—Farmers' Bank; T. V. Phelps, Cashier.

Washington—First National Bank; E. H. Otto, Vice-Pres. in place of T. W. Chambers.

NEBRASKA.

Auburn—Nemaha County Bank; G. E. Codington in place of Wm. Gaede, Cashier, deceased.

Calloway—Calloway State Bank; J. H. Decker, Pres.

Comstock—Comstock State Bank; H. A. Sherman, Pres.; W. J. Root, Cashier.

Franklin—Franklin State Bank; L. C. Churchhill, Cashier.

Grand Island—Commercial Bank; capital increased to $50,000.

Havelock—Farmers & Mechanics' Bank; I. E. Atkinson, Cashier in place of H. K. Frantz.

Lindsay—Lindsay State Bank; W. B. Miller, Cashier.

Newman Grove—Newman Grove State Bank; John Blomquist, Vice-Pres.

Norman—Norman State Bank; Geo. P. Kingsley, Pres.; Jones Barnes, Cashier.

Omaha—First National Bank; Herman Kountze, Pres., deceased.

Phillips—Bank of Phillips; W. I. Farley, Pres.

Tamora—Farmers' Exchange Bank; W. A. Reynolds, Cashier, resigned.

NEVADA.

Carson City—State Bank & Trust Co.; C. H. Wise, Asst. Cashier of the Manhattan Branch.

NEW JERSEY.

Jersey City—First National Bank; E. I. Edwards, Cashier in place of G. W. Conklin; No Asst. Cashier in place of E. I. Edwards.

NEW MEXICO.

Texico—Texico Savings Bank & Trust Company; name changed to Texico National Bank, and capital, $30,000.

NEW YORK.

Brooklyn—Brooklyn Safe Deposit Co.; H. N. Brush, Pres., deceased.

Brooklyn — Brooklyn Trust Company; Wm. H. Male, Sec. and Dir., deceased.

Cohoes—Manufacturers' Bank; H. S. Greene, Pres., in place of John Chute, deceased; J. W. Ford, Vice-Pres.; Le Roy Dermilyer, Cashier, deceased.

Goshen—Goshen Savings Bank; J. W. Corwin, Pres., deceased.

New York—Citizens' Central National Bank; F. M. Bacon, Jr., Vice-Pres. in place of E. Fleitman, deceased.

New York—Drake, Mastin & Co.; James M. Drake, deceased.—Greenwich Savings Bank; John Harsen Rhodes, deceased.—Bowery Savings Bank; W. E. Knox, Sec.—Munroe & Co.; E. Lockwood, deceased.—United States Trust Co.; W. J. Worchester, Asst. Sec.; C. A. Edwards, 2nd Asst. Sec.

Syracuse—Onondaga County Savings Bank; E. S. Dawson, Pres., deceased.

Utica—Utica Trust & Deposit Co.; capital increased to $400,000.

NORTH CAROLINA.

Aulander—Bank of Aulander; W. J. Harrell, Vice-Pres.; J. R. Mitchell, Cashier.

Bethel—Bethel Banking & Trust Co.; J. A. Staton, Pres.; W. H. Woolard, Cashier.

Charlotte—Battery Park Bank; F. S. Coxe, Vice-Pres., deceased.

Franklin—Bank of Franklin; F. S. Johnston, Pres.; J. S. Sloan, Vice-Pres.

Hendersonville—Bank of Hendersonville; A. Cannon, Pres. in place of J. P. Rickman, resigned; A. L. Holmes, Vice-Pres.

Jackson—Bank of Northampton; I. T. Flyth, Pres.; H. W. Lewis, Vice-Pres.; E. J. Gay, Cashier.

Rocky Mount—Bank of Rocky Mount; capital increased to $100,000.

NORTH DAKOTA.

Adams—Security State Bank; capital increased to $20,000.

Crary—Farmers' Bank; T. A. Luros, Pres., deceased.

Crosby—State Bank of Williams County; S. S. Nelson, Pres.; A. M. Eckman, Vice-Pres.

Gackle—Logan County State Bank; M. Hieb, Pres.; A. F. Lehr, Vice-Pres.; R. A. Werner, Cashier; C. Hieb, Asst. Cashier.

Grano—Ward County Bank; G. O. Frank, Vice-Pres.

Hazelton—Bank of Hazelton; Geo. H. Niles, Pres.

Lankin—First State Bank; T. W. Shogren, Cashier, in place of J. D. Robertson.

Mannhaven—Mercer County State Bank; E. M. Serr, Cashier in place of E. M. Thompson, resigned.

Osnabrock—Great Western Bank; C. E. Webster, Pres.

Portal—Farmers & Merchants' State Bank, removed to Columbus.

Strassburg—Security State Bank; J. Kniper, Asst. Cashier, resigned.

Walhalla—Citizens' Bank; Eugene Hornung, Pres.

Walpeton—People's State Bank; F. B. McKean, Asst. Cashier.

Wilton—McLean County State Bank; J. C. Anderson, Cashier; H. A. Scott, Asst. Cashier.

OHIO.

Arcanum—First National Bank; W. A. Chancellor, Asst. Cashier, in place of L. B. Crellin.

Cleveland—W. J. Hayes & Sons; W. L. Hayes, retired.

Findlay—American National Bank; no Pres., in place of J. F. Burket, deceased.

Marion—Marion County Bank Co.; H. True, Pres., deceased.

Oberlin—Oberlin Bank Company; August Straus, Vice-Pres., in place of J. D. Carpenter.

Salem—Farmers' National Bank; M. L. Young, Vice-Pres.

OKLAHOMA.

Cushing—State Bank of Commerce; Ira Stout, Vice-Pres., S. B. Searcy, Cashier.

Guthrie—Logan County Bank; J. H. Norris, Pres.; Grant Norris, Cashier.

Headrick—Citizens' Bank; H. Herman, Pres.

Morriston—Morriston State Bank; W. W. Woolsey, Cashier.

Pawhuska—American National Bank; Chas. M. Hirt, Cashier.

PENNSYLVANIA.

Butler—John Berg & Co.; Chas. Berg, deceased.

Emporium—First National Bank; B. W. Green, Pres.

Harrisburg—Commercial Bank; C. A. Disbrow, Pres., in place of C. S. Boll, resigned.

Lilly—First National Bank; Vice-Pres., E. J. Hughes.

Masontown—First National Bank; Chas. H. Harbison, Cashier, in place of Thomas C. McCune.

Media—First National Bank; W. H. Miller, Pres., in place of J. W. Hawley.

Nanticoke—First National Bank; B. Jackson, Vice-Pres., in place of J. C. Brader, deceased.

New Brighton—Old National Bank; C. E. Kennedy, Cashier, in place of G. Davidson.

New Castle—Home Trust Co.; W. H. Grove, Treas.

Norristown—Penn Trust Co.; J. E. Ebert, Sec.

Pittsburg—Pittsburg Bank for Savings; W. Roseburg, Vice-Pres., deceased.—Union Trust Co.; Scott Hayes, Treas.; John A. Irwin, Sec.

SOUTH CAROLINA.

Aiken—Bank of Aiken and Peoples' Bank; consolidated under former title; capital, $100,000; H. M. Dibble, Pres.; W. W. Muckenfuss, Cashier.—Merchants & Farmers' Bank; J. A. M. Gardner, Cashier, in place of B. M. Weeks, resigned.

Orangeburg—Edisto Savings Bank; W. L. Glover, Cashier.

Sumpter—Farmers' Bank & Trust Co.; capital increased to $120,000.

SOUTH DAKOTA.

Evarts—Evarts State Bank; H. E. Fox, Asst. Cashier.

Scotland—First National Bank; V. S. Barker, Pres., in place of C. C. King; A. Resner, Vice-Pres., in place of V. S. Barker.

TENNESSEE.

Benton—Benton Banking Co.; J. G. Norton, Pres.; W. M. Clemmer, Vice-Pres.

Bristol—Bank of Bristol; R. W. Kelley, Cashier, in place of R. W. Peery, resigned.

Bullsgap—People's Bank of Bullsgap; J. B. Willoughby, Pres.; E. M. Myers, Vice-Pres.; J. D. Morrow, Cashier.

Covington—Farmers & Merchants' Bank; J. Hill, Jr., Pres.; J. H. Flippin, Vice-Pres.—Farmers & Merchants' Bank & Trust Co.; capital increased to $65,000.

Knoxville—Union Bank; H. M. Johnson, Pres.; W. P. Flenniken, Vice-Pres.; W. O. Whittle, Cashier.—Knoxville Banking Co.; W. W. Willis, Cashier.

Lexington—Bank of Lexington; T. A. Lancaster, Vice-Pres.

Livingston—Farmers' Bank; capital increased to $25,000.

Memphis—Bank of Monte Ne; "Coin" Harvey, Vice-Pres.—Manhattan Savings Bank; capital increased to $100,000.—Memphis Fidelity Trust Co.; capital increased to $100,000.—People's Savings Bank & Trust Co.; S. B. Anderson, Pres.; S. M. Neeley and J. T. Wellford, Vice-Pres.; A. C. Landstreet, Asst. Sec. and Treas.

Millington—Bank of Millington; W. E. Polk, Pres.; J. Armstrong and A. E. Harrold, Vice-Pres.

TEXAS.

Alvin—Alvin State Bank; J. P. Atkinson, Cashier.

Beaumont—American National Bank; Wm. Wiess, Vice-Pres., in place of Geo. C. O'Brien.

Carizo Springs—Dimmit County State Bank; capital increased to $25,000.

Eagle Lake—First National Bank; J. J. Whatley, Pres., in place of Wm. Green; R. E. Walker, Cashier, in place of M. E. Guynn; T. W. Shugart, Asst. Cashier, in place of R. E. Walker.

Haskell—Haskell National Bank; T. E. Ballard, Second Vice-Pres.

Jacksonville—First National Bank; J. M. Boles, Cashier, in place of A. G. Adams.

League City—Citizens' State Bank; E. Steele, Cashier, in place of J. Atkinson.

Rockdale—Rockdale State Bank; Dr. W. L. Baird, Cashier.

San Antonio—City National Bank; W. T. Eldridge, Vice-Pres., in place of J. D. Anderson.

Stratford—Stratford National Bank; title changed to National Bank of Stratford.

Sweetwater—First National Bank; G. Fitzgerald, Asst. Cashier, in place of E. L. Hopkins.

Tulia—First National Bank; G. C. Hutchinson, Asst. Cashier.

Weatherford—Citizens' National Bank; G. A. Holland, Pres., in place of W. D. Carter; J. O. Tucker, Cashier, in place of G. A. Holland.

VIRGINIA.

Pamplin City—State Bank of Pamplin; capital increased to $10,000.

Petersburg—Appomattox Trust Co.; C. R. Bishop, Cashier.

Richmond—Realty Bond & Trust Co.; succeeded by Commonwealth Bank.

Saltville—Saltville Bank; J. F. Harris, Cashier.

WASHINGTON.

Bremerton—Bremerton State Bank; E. Fitzwater, Cashier.

Downs—Private Bank of Bassett & Davis; has become a branch of the Odessa State Bank; H. L. Cole, Cashier, Downs branch.

Wenatchee — Farmers & Merchants' Bank; J. M. Tompkins, Pres., deceased.

WEST VIRGINIA.

Elkins—Trust Co of West Virginia; title changed to Davis Trust Co.

Lewisburg—Bank of Lewisburg; A. F. Mathews, Pres., deceased.

Welch—Citizens' Bank; Thos. Woodward, Cashier, deceased.

WISCONSIN.

Cadott—Citizens' Bank; Chas. Grassle, Pres.; H. Goatz, Jr., Vice-Pres.; J. E. Aiken, Cashier.

Edgerton—First National Bank; R. F. Wright, Asst. Cashier.

Frederic—Bank of Frederic; capital increased to $25,000.

Kenosha—First National Bank; C. C. Brown, Second Vice-Pres.

Merrill—German American State Bank; Julius Thielman, Pres.

Milwaukee—Merchants & Manufacturers' Bank; Frank H. Bodden, Asst. Cashier.

Oconomowoc—First National Bank; P. Binzel, Vice-Pres., in place of G. L. Wilsey.

Two Rivers—Bank of Two Rivers; capital increased to $35,000.

Wautoma—First National Bank; R. C. Stuart, Cashier, in place of E. B. Redford.

WYOMING.

Cody—Shoshone National Bank; Robert E. Gleeson, Cashier.

Sheridan—Bank of Commerce; Chas. B. Massey, Cashier.

Wheatland—First National Bank; Wm. L. Ayers, Vice-Pres.; R. Elwood, Asst. Cashier.

CANADA.

QUEBEC.

Montreal—Molsons' Bank; capital increased to $5,000,000.

ONTARIO.

Toronto—Ontario Bank; absorbed by Bank of Montreal.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

IDAHO.

Nezperce—First National Bank; in voluntary liquidation, November 1.

ILLINOIS.

Bardolph—Chandler & Smith Bank.
Chicago—Lincoln Bank.
Colchester—Chandler & Imes Bank.
Macomb—C. V. Chandler & Co.
Middletown—First National Bank; in voluntary liquidation, November 22.

INDIAN TERRITORY.

Kiowa—Bank of Kiowa.

LOUISIANA.

Franklin—First National Bank; in voluntary liquidation, December 8.

MISSOURI.

Salisbury—First National Bank; in voluntary liquidation, October 10.

OHIO.

Leipsic—First National Bank; in voluntary liquidation, December 8.

PENNSYLVANIA.

Waynesburg—Farmers & Drovers' National Bank.

SOUTH CAROLINA.

Greenville—Workingmen's Savings & Loan Co.

TEXAS.

Galveston—Merchants' National Bank; in voluntary liquidation, November 24.

CANADA.

NOVA SCOTIA.

Lunenburg—Canadian Bank of Commerce.

IMPROVED TRUST COMPANY ACCOUNTING.

A handsomely printed booklet entitled "Practical Systems of Accounting for Trust Companies," contains a brief address by H. M. Humphrey of the Mutual Alliance Trust Company of New York. Mr. Humphrey gives in very small space a succinct statement of how he handles nearly four thousand checks a day. and does it without listing the checks and deposit tickets, thereby saving forty to fifty closely written pages and the system has saved two hours time for his company. Mr. Humphrey very cordially endorses the use of the adding machine, considering this the main feature by which this saving is obtained. Altogether, it makes a very interesting book, and any of our readers who would like to see it, may secure a copy by writing to the Burroughs Adding Machine Company, Detroit, Michigan.

HANDLING THE TELLER'S DAILY BALANCE.

Exhaustive treatises on the subject of practical banking methods have been issued, embracing nearly every department of bank work. but comparatively little has been offered on an up-to-date system for keeping the daily balance or so-called blotter. The difficulty has been to arrange a system that would be elastic enough to respond to the varying demands of various sized institutions. A unique system arranged by W. J. Kommers, assistant cashier of the Old National Bank, Spokane, Washington, is described in a handsomely printed book issued by the Burroughs Adding Machine Company, Detroit. Michigan, under the title of "Burroughs System for the Teller."

While this concern is noted for its unique and up-to-date methods of advertising, this latest effort is calculated to attract and hold the attention of the progressive banker better than even the majority of their advertising. In a large red envelope is enclosed a complete set of forms used in the system, together with a booklet fully describing the system and methods of handling. The forms are not only life size, reproduced in the original colors, but contain a statement of a day's business as carried through in practical work. A complete set of these forms and descriptive booklet will be forwarded to any bank officer writing on the letter head of his bank.

THE

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AMERICAN ENTERPRISE IN OTHER COUNTRIES.

ONE of the fundamental conditions of continued national prosperity is that the savings of the people shall always be able to find profitable investment, either at home or abroad. Heretofore there has been no lack of profitable employment of capital in the development of our own industry and trade. We have been able to use up our own savings, and have been compelled to call on the money markets of the world to help us out. Yet, despite the present exceptional demand for loanable funds, we are probably approaching a time —not so remote as many believe—when we shall have a surplus of saved capital seeking an outlet. Indeed, it is by no means improbable that we should do better, even now, to turn our attention to developing raw productive resources, here or in other lands where they may be found in greater abundance, instead of being so intent upon manufacturing and exchanging the paper representatives of real or imaginary wealth.

Opportunities for the profitable investment of capital in the United States are far from being exhausted. Great as our development has been in the past, it will perhaps be much greater in the future. But if the progress of this development were less intense and rapid, it would be healthier. We no longer have a vast domain of fertile land which the Government stands ready to give away or sell at a nominal price; our forests do not offer the rich rewards for spoliation that they did twenty-five years ago, and the bonanza mines seem now to belong to a past epoch of our history. Deprived of a field of exploitation offering quick and rich rewards, the adventurous element of our population—the pushing, restless spirits who are the forerunners of nation-builders—find an outlet for their energies in the speculation of the stock exchange, or in other feverish activities. It is a part of wise statesmanship, as it is of a sound economic policy, to find a satisfactory outlet for surplus capital as well as for surplus population. The question arises whether the United States has not reached a point where it might well give more attention to the promising fields for enterprise and trade offered in other countries? The indifference to these rich opportunities heretofore shown by Americans has been taken advantage of by our powerful commercial rivals.

EDITORIAL COMMENT

A BILL has been introduced in the New York Legislature imposing severe penalties on the directors of banking institutions in cases where it can be shown that insolvency is attributable to the neglect of such directors.

There is a manifest tendency, both on the part of the legislative authority and the courts, to hold directors to a stricter accountability than formerly. In view of the palpable neglect of duty shown in many instances, this disposition is to be commended. It would, however, be most unfortunate if regulations of too drastic a character were made and enforced, since these would have a result the very reverse of that intended. If the laws are too harsh, it will be found that men who properly appreciate their obligations and responsibilities will be very chary of going upon the board of a bank or trust company, while the man who is disposed to look upon such obligations lightly will not have any scruples about becoming a director of as many banks as possible.

Much good would undoubtedly result if the directors of banks were made to understand the exact nature of the responsibilities now resting upon them. The average director is apt to assume that when he has exercised his best judgment in the election of officers to manage the corporation, there his duty ends. And where the operations of the bank or other institution run along smoothly, this view is well enough; but should there be a failure, followed by heavy loss to depositors and stockholders, the director is liable to be rudely awakened. He may find that he has not only lost his own investment and that the total liability of shareholders will be enforced against him, but that he also will be held personally liable to depositors for having neglected to exercise a proper degree of supervision over the failed institution.

The possibility of being called on to make good the losses of failed banks, where the failure has been due to the directors' negligence, should be called to the attention of every bank director by the Comptroller of the Currency, and by the various officers charged with the supervision of the state banks of the country. An interesting case, which arose in Canada, dealing with the responsibility of a bank officer, is reported in the Law Department of this issue of the MAGAZINE.

THAT the possibilities of profit to be derived from high interest rates have not been exhausted by the institutions that charge as much as 125 per cent. at certain seasons of the year on call loans, is indicated by a recent article in the Brooklyn "Eagle," exposing the practices of what are termed "loan sharks." These individuals, it is alleged, charge for their "accommodations" all the way from twenty-five to 600 per cent. per annum. The "security" taken for these loans is in the form of an assignment of the salaries of the borrowers.

Of course, commercial banks could not be expected to make loans on such shadowy collateral; but they, as well as the savings banks, might find a legitimate source of profit in making their own business better known to such borrowers, so that the latter would prudently lay by a part of their income, thus avoiding the necessity of resorting to the "Fascination Fledgebys" for accommodations. These needy borrowers would perhaps be a hard class to educate in the practice of a habit of saving, yet the prodigality of their expenditures in the shape of interest would seem to indicate that there is at least promising ground which the savings banks and other banking institutions might cultivate.

The numerous alluring "investment" schemes so flamboyantly advertised in the daily newspapers absorb a great deal of money that should go into the banks. If one-half the money that is spent in presenting these schemes to the public were used in setting forth the advantages of banks, the profits of the latter would be greatly enhanced and a large amount of money which is now annually wasted would be saved.

The problem of making mankind wise is, of course, a hard one; but so far as the banks are concerned there does not appear to be anything like the effort in this direction that there is in inducing men to waste their money in all sorts of foolish enterprises. The colossal impudence of the exploiters of some of these so-called investment schemes is amazing, and there was perhaps never a time in the history of the country when so much money is being absorbed in this direction as there is now. One has only to pick up an issue of any metropolitan newspaper to verify this opinion. The savings banks, on the other hand, appear so modest as hardly to think it necessary to let people with money know that there is a place where it may be safely kept, and a reasonable rate of interest paid for its use. Even such advertisements as are published by the savings banks are of a character to afford little information to would-be depositors. They stop at a mere announcement that a dividend rate of so much has been declared. The average savings bank depositor is perhaps not a person to whom a bald statement of this kind will very strongly appeal. He needs especially to have brought to his attention the cumulative power of small savings if kept up for a long time. It is surprising, in a country where general information is so generally disseminated, and where the people are as a rule intelligent, that there is so little popular knowledge in regard to banking institutions of all kinds. In remote country districts, where there are no savings banks of well-established strength, it is hardly a matter of surprise that the people will send their savings to some "bank" operated by a mail-order department store in a large city; but it is certainly astonishing to find that there are many people, even in a large city like New York, who will entrust their money to similar concerns, in entire ignorance of the fact that there are numerous savings banks especially designed to care for their accumulations, with no risk whatever to the depositor.

The vast possibilities of profit that lie so near to the banks of the country appear to have been very largely overlooked by the bankers.

RATHER a novel view of the effect of fidelity bonds upon the conduct of officers and employees was expressed by ex-President CLEVELAND a short time ago in an article contributed to the "Saturday Evening Post." He says:

"Can we say, in view of our observation and our knowledge of the facts and conditions, that this scheme of indemnification tends to make the officer or employee insured against any more honest, or the trustees and directors of the indemnified organization any more vigilant and attentive to duty? On the contrary, is there not reason to suppose that the officer or employee who has furnished a guarantee against loss through his wrongdoing has somewhat weakened his moral restraints, and so nearly placed the question of his honesty upon a business basis that temptation easily gains a hearing? And so far as trustees and directors are concerned, does not the fact that the institution they control is safely secured against losses through the dishonesty of subordinates reconcile them to an easy, perfunctory supervision and a relaxation in the vigilance and alertness which is their bounden duty?"

It might well be doubted whether considerations of this kind materially affect the honesty of employees. If a man is disposed to be dishonest, the fact that the loss occasioned by his peculations will have to be borne by a surety company instead of by his employer, can hardly cut much of a figure. He would be dishonest in either case. But the fact that the surety company looms up as a relentless prosecutor for his criminal deeds is known to have a powerful influence in preventing unfaithfulness on the part of employees. Often an employer, out of personal regard for an old and heretofore faithful clerk, or because of sympathy for his family, or an indisposition to undergo the annoyance of publicity, will refrain from prosecuting a dishonest employee. But the bonding company is not apt to be swayed by such considerations.

Instead of there being any lessening of moral restraints because of the bonding of employees, it would seem to be quite as reasonable to take the opposite view. When a bonding company assures the fidelity of an employee it has, in a sense, given him a certificate of character—an evidence of belief in his trustworthiness. Can there be any stronger incentive to right conduct?

Whether the directors of an institution whose officers and clerks are bonded will trust to such insurance as a means of protection and relax their own personal supervision of affairs, is another question. Perhaps it will be found, however, that the director who insists that officers and employees shall be bonded is precisely the one who may be depended on to be always vigilant in the discharge of his duties. By favoring fidelity insurance he does not seek to shift responsibility from his own shoulders to that of the surety company, but simply throws an additional safeguard around the funds of which he is a trustee.

AN agricultural bank for the Philippines is proposed, the Government of the Islands to be empowered to guarantee an income of not less than four per cent. per annum on the cash capital actually invested in the bank. That some relief is demanded is evident from the statement that at present the Philippine farmer has to pay at the rate of from twelve to seventy-five per cent. per annum for such loans as he is able to secure. One bank at Manila is said to charge 4.5 per cent. a month for loans on the best security, agricultural or otherwise.

In the proposed bank under Government auspices it is provided that loans to any individual shall be limited to $5,000, and the interest rate shall not exceed ten per cent. per annum. It will be seen that one aim of this plan for a Government guaranty is to offer a security to capital invested in a bank of the character proposed. If it shall be demonstrated that an agricultural bank can be operated profitably, charging no more than ten per cent. interest on loans, competition in this field will spring up and the institutions now charging the excessive rates above mentioned will either have to meet this competition or go out of business.

Considering the moderate guaranty asked for, and furthermore that it is in no case to exceed $500,000 in amount and is not to continue for more than twenty-five years, there does not appear to be any real risk in assuming this responsibility.

SECRETARY SHAW'S retirement as head of the Treasury Department marks an important event in the financial world. He is succeeded by Hon. GEORGE B. CORTELYOU, heretofore Postmaster-General—a man of wide departmental experience, but whose views about money and banking are not well known. In administering the affairs of the Treasury Department, so far as they relate to the banks and the money market, the opinion might be safely hazarded that he will follow in the footsteps of his predecessor. Yet, why should he? Can any one doubt that the various expedients resorted to by Mr. SHAW for relieving pressure in the money market, though cleverly conceived and executed with great skill, and unquestionably affording, temporarily, a marked degree of relief, have been, in the long run, highly injurious? Indeed, so long as the lending operations of the banks are subject to such sudden, violent and artificial influences as have been brought to bear upon them by the well-meant but mischievous activities of the Secretary of the Treasury, how could any other result have been possible?

As we have repeatedly said, the fault does not lie wholly with the Secretary, who is compelled to deal with conditions as he finds them. The methods devised in VAN BUREN'S time—a legacy of JACKSON'S war against the Bank of the United States—are hardly suited to the needs of the present day. While the Secretary of the Treasury can not amend the laws, he might, at least, deposit and withdraw funds in the ordinary course without primarily aiming to increase or decrease the amount of public funds in the depository banks. Occasionally this might cause some derangement, but not so much as does the existing practice.

What the policy of the Secretary of the Treasury should be with reference to its dealings with the banks was thus stated in our issue of December last, page 875: "If the Treasury, in the deposit and withdrawal of its funds, will treat the banks just as ordinary business men do, that will be all the aid to the money market that the Secretary of the Treasury need be called on to render." Mr. SHAW has taken a different view, and considering the laws and conditions with which he was confronted, his course is not open to harsh criticism. It is hoped, however, that the way may be found before long to attain the ideal we have above set forth.

For some years the money market has been like an impecunious borrower whose wants could not be met, except for short intervals, by even so generous a lender as the Government of the United States. What the Government should do is to quit lending and also quit withdrawing money from circulation and locking it up in the Treasury vaults. In other words, it should apply the simple rule of common sense to its handling of surplus revenues.

Whether one can agree with the policy of the retiring Secretary or not, it can not be denied that he has displayed great ability. His name will occupy an honorable place among the list of distinguished men who have been Secretary of the Treasury from WASHINGTON to ROOSEVELT.

RAILWAY freight traffic has become so congested as to give rise to an interesting discussion of the causes that have led to the stoppage of the building of new lines adequate to the needs of the growth of trade and production. In a letter to Governor JOHNSON, of Minnesota, under date of January 14, President HILL, of the Great Northern Railroad, says:

"A striking tale is told by the statistics of railroad building in the United States. Not only is it true * * * that there has been in the ten years ending 1906 an increase of but twenty-one per cent. in mileage, but the most impressive fact is that railroad building has within a generation fallen off just as the demand upon trackage has increased. At this moment, when that demand is greatest and the whole country is clamoring for relief, it is the smallest in years.

The disparity between the growth of traffic and the additions to railroad mileage, and the extension of terminals, shown by new mileage of less than one and one-half per cent. a year since 1904, to take care of a traffic increase averaging eleven per cent. a year for ten years past, presents and explains the real problem."

Then MR. HILL proceeds to give the following explanation why, in the face of this obvious demand for an increase of the railway mileage, railroad building has declined:

"It is not by accident that railroad building has declined to its lowest within a generation, at the very time when all other forms of activity have been growing most rapidly. The investor declines to put his money into enterprises under ban of unpopularity, and even threatened by individuals and political parties with confiscation or transfer to the state. This feeling must be removed and greater confidence be mutually established if any considerable portion of the vast sum necessary is to be available for the work."

Whether the "unpopularity" of the railroads is to be ascribed to the perverseness of the public, or whether the railroads themselves are to blame for their having fallen into disfavor, may be waived for the present.

But there is another point which MR. HILL, though generally a careful observer, seems to have overlooked. He fails to state that the period of greatest activity in the building of railways was before the present policy of concentration had been put into effect. When competition was comparatively free there did not seem to be any lack of energy on the part of the projectors of railway enterprises in keeping the mileage up to the requirements. On the contrary, the complaint was frequently heard that the building of new lines was carried to such an extent as to cause ruinous competition, and that railway building was going on faster than was justified by the conditions of the country. There were times when this complaint did not seem so unwarranted as it does now.

The concentration of most of the railways of the United States into a few great groups has tended to shut off competition, not only among existing lines, but has undoubtedly checked the building of competing lines.

Whatever advantages there may be in monopoly, the encouragement of competition is not one of them. The labor unions seek to restrict competition by denying employment to any but members of their organizations, and by limiting the number of apprentices. The great industrial monopolies either buy out or freeze out their competitors, and they do not increase their facilities except under the strongest pressure.

It is to be feared that in attempting to put the responsibility for the congestion of freight upon the shoulders of the public, Mr. Hill has proved too much.

THE literature of money and banking has been enriched by the contributions of many eminent students of these subjects, but heretofore the works of this character have never been catalogued by themselves so that they might be easily found. Outside the lists of the Library of Congress, and the Institute of Bankers of London, and that made some years ago by the St. Louis Chapter of the American Institute of Bank Clerks, nothing of the kind seems to be extant.

Believing that a catalogue of books on money, banking and kindred subjects would be useful to bankers and financial students, the Editor of The Bankers' Magazine has compiled such a list, which has just been issued in pamphlet form by The Bankers Publishing Company.

The literature of these subjects, or at least so much of it as has been embodied in permanent form, is not extensive. Many of the books that were not long ago looked upon as authoritative are now out of print.

The writings of Gilbart, McLeod and Dunbar are not only well known but widely read and studied, while "Lombard Street" by Walter Bagehot, has become a financial classic. On the practical side of banking, the works of Patten, Barrett and Bolles have enjoyed great popularity. They have contributed undoubtedly to a better understanding of the routine of banking, and have been especially valuable as text-books for clerks and junior bank officers.

Some of the standard law works, like "Morse on Banks and Banking," "Daniel on Negotiable Instruments," and "Crawford's Negotiable Instruments Act," are indispensable to every modern bank. Of course, the banker who desires to be well informed on matters collaterally related to his business will not neglect the study of political economy. In the list will be found a number of the principal works of the accepted authorities. These are times when corporations are receiving a large share of attention, and it has been thought proper to include several works in relation to them.

This is believed to be the first attempt to compile a list of works on the subjects named, and the compilation is necessarily incomplete. We shall be pleased to receive any suggestions calculated to make it more nearly perfect.

AS is well known, the total holdings of United States bonds by the savings banks of the country have been growing less year by year since the adoption of the refunding act of March 14, 1900. United States bonds selling at a premium and bearing only two per cent. interest are not an attractive investment.

It is for many reasons greatly to be regretted that the savings banks of the country have been deprived of holding in their assets what is really an ideal savings bank investment. On the score of safety there is, of course, nothing to excel the bonds of the Government; and if the interest yield were at all satisfactory, the savings banks would undoubtedly hold a very large proportion of the outstanding bonds.

According to the last Annual Report of the Comptroller of the Currency the investments of the savings banks in United States bonds and other securities were apportioned as follows:

United States bonds	$12,159,058
State, county and municipal bonds	140,345,235
Railroad stocks and bonds	346,343,902
Bank stock	25,724,090
Other bonds, stocks, etc.	998,417,164

While all the securities above represented are probably of a desirable character, it may well be doubted whether a considerable amount will rank equal to United States bonds.

If the savings bank deposits of the country were invested chiefly in Government securities, it would counteract the distrust of savings banks which apparently still lingers in the minds of a considerable number of our people, and would effectively silence the demand for postal savings banks. For it must not be forgotten that this demand arises particularly from those who are not satisfied as to the security of the existing savings institutions. Of course, in most of the Eastern States, where the mutual savings bank system prevails, this distrust is very small; but in other parts of the country, where savings banks and commercial banks are more or less intimately associated together, this distrust undoubtedly keeps many people from becoming bank depositors.

We are in fact putting the existing bonded debt of the country to a very bad use. It might be very wisely employed in furnishing a perfectly safe investment for the poorer classes of our people instead of being used as a basis for inflating the country's paper circulation.

THERE is a more or less general impression that a culmination of our present period of prosperity is not far off. This impression seems to be due more to the fact that business enterprise has gone forward at unprecedented speed, rather than to any indication of an immediate reversal of existing favorable conditions. True, the loans of the banks have been very much expanded and there seems to be difficulty of maintaining reserves, and the rate for call money has lately touched a high point. It is conceivable, however, that a brief period of slackened enterprise would afford time for the banks to replenish their depleted reserves and thus be in a position to supply the demand for loans at reasonable rates. The slight depression in the price of securities will, perhaps, also tend to discourage speculation; and, on the whole, there is no good reason why the business of the country should not continue on a sound and healthy basis for some time to come.

It is believed by many that when the notion that there is soon to be a panic takes general possession of the public mind, such a disaster is very likely to happen; but, on the other hand, the fear of a crisis may lead to the exercise of precautionary measures that will prevent such a disaster. Even though business has been carried to a point where danger threatens, and while admitting that prices are generally higher than is consistent with safety, it does not follow that these conditions may not be corrected without the country's going through the loss and depression incident to a panic and its succeeding era of stagnation in business. The wisdom of our legislators and of our great financial magnates surely ought to be equal to devising some plan that would greatly mitigate, if not altogether prevent, the occurrence of a cataclysm like that experienced in 1893. At such times we have to dread not only the loss occasioned by the panic itself, but even more is to be feared from the succeeding period of depression.

The banking business is now considerably more concentrated than it was in 1893, and on the appearance of any trouble it may be expected that there will be more or less concerted action for the general protection of the banks and the business community. The number of small national banks, however, has very largely increased since 1900 and it remains to be seen how these institutions would weather the severity of a panic. "To be forewarned is to be forearmed," and if the banks will now begin quietly to strengthen their position without unnecessarily curtailing accommodations to their borrowers, it will do much to lessen the force of any shock that may occur, and very likely will prevent the shock altogether. Fortunately, the Treasury is in a position to render substantial aid should it be required. There is hope, too, that Congress may enact legislation authorizing an emergency currency, and if so this may be largely relied on as an effective weapon in counteracting a crisis should one occur. It should be the aim of all financial writers and managers of banking institutions to do everything possible to restrain speculation at this time. There is no doubt that speculation growing out of real estate and mining crazes has far transcended prudent limits. If these unhealthful activities are checked, and the tendency toward prodigality of expenditure on the part of the public restrained, we cannot see why the industrial and commercial enterprises of the country should not continue to prosper. Despite some evidences of inflation, our prosperity rests upon a solid foundation—agricultural products greater in quantity and selling at good prices; the universal employment of labor at high wages: a large increase in the output of gold; our transportation facilities taxed to their capacity in carrying products to market; commercial failures the smallest ever known—these are a few of the solid elements of American prosperity at the beginning of 1907.

TWO railway disasters have occurred lately which have served to draw fresh attention to the inadequacy of existing facilities for safeguarding travel on our railroads. It would seem, in a matter of this kind, that, leaving all humanitarian considerations aside, and acting solely from motives of self-interest, the railroads would see the advisability of using every reasonable precaution to insure the safety of the lives of passengers. Unfortunately, however, this view is not supported by the facts. A great many of the railway accidents occurring in this country—and they are becoming altogether too numerous to be tolerated longer—are within the preventable class. And if the railways themselves will not, of their own volition, adopt the best-known safeguards, it will be necessary to compel them to do so by legislative authority. Already steps have been taken by the Interstate Commerce Commission to test the efficacy of the safety devices now in use. If, as has been reported, it shall be found that there is a concerted movement among the railway companies to discredit these devices, that fact should be brought to light.

Even when every possible precaution is taken, accidents will occur; but it certainly should be insisted on that no effort be spared to reduce both the loss of life and injuries to the lowest attainable minimum.

The great increase in the speed of railway trains in late years has rendered a considerable part of the present car equipment entirely unsuited to the requirements of safety; and if the present speed is to be maintained, measures ought to be taken to provide cars that will be much less easily demolished than those now in use. The reduced cost of the price of steel and its apparent adaptability to use in the building of cars. would seem to warrant the belief that at no distant day the steel passenger car will supplant those constructed of wood. The former type of car undoubtedly possesses many elements of safety superior to those now in use. Even in the case of a collision or of fire the resistance is such as to assure comparative safety. Of course, in so large a country, with an enormous number of cars in use, it must necessarily be many years before there can be any sensible reduction in the number of wooden cars employed; but at least a beginning in this direction may be made. In fact, the Pennsylvania Railroad Company has begun the construction of steel cars of this type, and on the New York Subway a considerable number are already in active service. With the extension of the use of electricity on the railways, they will, no doubt, find it to their advantage to build cars of this type.

The American railways have justly achieved an enviable reputation for speed and comfort. They do not seem, however, to have given proper attention to safeguarding the lives of passengers, as in this respect our railroads do not compare favorably with those of other countries. That the railways are inclined to be slow in adopting improvements, is shown by their neglect to provide automatic couplers and air-brakes on freight trains until forced to do so by legislative enactment. It is a remarkable manifestation of short-sightedness on the part of men of immense financial capacity that they do not always seem to recognize that their own interests are best subserved by conforming strictly to the demands of enlightened public opinion. They are disposed to cavil at the expense incurred in adopting devices that would obviously tend to the safer operation of railway trains, entirely overlooking the fact that the employment of these safeguards would, in the long run, redound to their own interest and would more than justify the outlay therefor.

If less drastic measures will not serve, it will become necessary to hold those responsible for the loss of life through railway disasters criminally accountable. It does not seem in all cases that responsibility attaches to the employees who are operating the trains. The real culprits are, not infrequently, the officials or directors themselves, who either fail to provide the necessary safety devices or who tolerate a laxity of discipline in observing the rules governing the operations of their lines.

Whenever a serious railway disaster occurs, there is liable to be an hysterical outburst of condemnation of railway officials who neglect their duties. These criticisms are usually so virulent as entirely to lose force. But accidents like those which occurred recently are becoming so frequent that it is time for the sober sense of the community to declare that they must stop, and to back up the declaration by proceedings so prompt and vigorous as to leave no doubt in anybody's mind as to what is meant.

WHAT is regarded in some quarters as a novel doctrine was enunciated by Judge HALLAM of Saint Paul in enjoining the officers of the Great Northern Railway Company from issuing $60,000,000 additional capital stock. In making the restraining order, Judge HALLAM said: "The issue of stock by a railroad corporation is a matter of public concern, and the state has a right to insist that when such a corporation increases its stock there shall be value behind the stock."

If this principle could be made retroactive, and if it were applied to existing stocks, and the water all squeezed out of them, what a mighty flood there would be!

Heretofore it has been the practice of many railway and other corporations indiscriminately to issue new stock, mounting up in some cases to hundreds of millions, without seeming to pay any regard to maintaining a relation between the capital stock and the actual value of the property, the earning capacity or anything else. The ease with which new stock can be manufactured has been a potent cause in provoking that spirit of hostility to corporations that has grown up in recent years.

If additions to capital stock are to be made the subject of judicial review, some inconvenience may be caused to corporations seeking to enlarge their capital. On the other hand, there can be no doubt that such a policy, wisely exercised, would do much to remove the cause of complaints about stock-watering, to the great benefit of the public, of investors, and of the corporations themselves.

For a proper adjustment of relations between corporations and the public there is less need of new legislation or of Federal regulation—though in some cases these may be desirable—than there is of a stern insistence on their rights by the people. Supine stockholders and public officers of a flabby moral and mental make-up are largely blamable for the buccaneering style of corporate management. Judge HALLAM's dictum is evidence of an awakening on the part of the people.

SOME of our railroads have recently experienced such difficulty in borrowing on long-term obligations that they have been compelled to resort to the issue of short-term notes. This has been due not so much to high interest rates, or even to a dearth of funds, but may be attributed to an indisposition on the part of banks and other financial institutions to favor tying their funds up in investments of a permanent character. If more favorable conditions exist when the notes mature, they can be funded into bonds. Otherwise, they will have to be paid off or renewed.

It is said that between December 1 and the close of January there had been over $150,000,000 of these notes issued. This somewhat peculiar method of raising capital is not a novelty. In 1903 and 1904 recourse was had to it, though only to the extent of $55,000,000 in the former year and $188,000,000 in the latter. Then as now the absorptive powers of the money market for stocks and bonds had been about exhausted for the time being. In other words, the rate at which corporate securities are being manufactured has produced a supply of such securities in excess of the demand. If the output could be shortened for a while, the demand would catch up with the supply; but it is hardly reasonable to expect that the railroads will slacken their calls for fresh capital so long as their mileage and equipment are behind the needs of the times.

BRANCHES of savings banks were proposed byHon. FREDERICK D. KILBURN in his last report as Superintendent of the Banking Department of the State of New York.

The establishment of branches of the existing savings banks would greatly increase the deposits in those institutions, and would at the same time afford a safe and convenient place for the wage earners of the state to deposit their savings, thus adding to the thrift and prosperity of the people. Under the law as it now stands it is difficult to establish a new savings bank, since the organizers must assume all the expenses until such time as the earnings are sufficient to pay the expenses and a dividend of at least 3½ per cent. to depositors. While this rigorous provision of the law tends to prevent the extension of savings bank facilities into some localities where they would be welcome, it also tends to keep banks from being started where they are not needed. So far as regards the supplying of savings banks to communities now deprived of them, that can be done by establishing branches of the existing banks, as Mr. KILBURN suggests.

But it is not clear that these branch banks would be unobjectionable in other respects. Their stock and bond investments would continue, perhaps, to be about the same as those of the parent institution. But with real estate loans it would be different. If the deposits of the branch were lent on local real estate, there might be a lessening of the average safety of such loans, since the proportion of loans on outlying property would be increased. On the other hand, if the deposits were lent out by the parent institution in the same manner as its deposits are now loaned, the people of the communities where the branch banks were located might justly complain that their money was being drained away from where the bank was located to be used in building up other places.

It might be, however, that by establishing branches the big city banks would thus be furnished with an equipment that would make it possible to investigate the character of outlying property more thoroughly, so that loans could be made on it with entire safety, thus affording a safe and convenient outlet for the deposits of the city banks.

GRADUALLY the large banks of the country are passing into the hands of certain groups of financial magnates. If this movement continues, it will not be very long until the old-time commercial bank is only a memory, so far as the big cities are concerned. There are in New York several banks, however, that are trying to maintain their ancient traditions, and are keeping their stock from falling into the possession of the syndicates.

This change in the ownership of the banks has not been followed, as a rule, by mergers. Although a number of institutions are known to be under the control of certain interests, it seems to be the policy of the latter to continue to operate each bank as a separate unit.

Perhaps if the movement referred to were carefully studied, it would be found to represent nothing more than an exemplification of the tendency toward specializing, which is seen today in so many departments of human activity. Nobody has raised any objection when a bank announced itself as a Farmers' bank; nor has there been any well-founded complaint that a bank organized to meet some special need neglected any other interest requiring banking accommodation.

Specialization in banking has been carried to a much further extent in a number of European countries and in Japan than it has in the United States. Here practically the same object is attained by passing the control of certain banks into the hands of the special interests to be served.

There is some criticism, both here and abroad, of the growth of what is called "financial banking," a term that is evidently intended to cover the operations of banks devoting themselves largely to the financing of great railway and industrial enterprises. Undoubtedly some of the larger banks in the chief cities are gradually passing under the control of men identified with enterprises of this character, and it is perfectly natural that such banking connections should be desired. The financing of enterprises of the character indicated is, of course, just as essential to the country's prosperity as it is to have banks designed to carry on purely commercial transactions. The co-operation of banks of this kind with those of a commercial character, and the proper adjustment of their relations to the interests to be served, will insure the smooth running of the country's financial machinery.

The question has, of course, been raised whether the banks that devote themselves largely to the carrying on of these great enterprises may not in time become loaded up with securities of a less liquid character than commercial paper. Inasmuch as the deposits of a bank are chiefly repayable on demand, this is an important consideration. The banks that are engaged in business of the kind indicated, however, are in the hands of such skillful financiers that it can hardly be possible that they have overlooked this point, and it may be expected that they have taken the requisite steps to be always in a position to meet the demand of their depositors.

It may be that a great deal of what is termed "financial banking" might more properly be turned over to the trust companies, since the latter institutions hold large amounts of funds that are left with them for long periods of time.

As the manufacture of corporation securities is proceeding on such a tremendous scale—the capital of the companies incorporated in a single year mounting up to $3,000,000,000—it is not at all surprising that stocks and bonds should figure more conspicuously in the assets of the banks than they did formerly.

MR. JACOB H. SCHIFF, the well known New York banker, in a recent interview published in Europe, stated that the financial conditions now existing in this country are much misunderstood in Europe. He further stated that we are suffering from an excess of prosperity, which is simply overwhelming us. This statement is based on a solid foundation; since, as Mr. SCHIFF said, our industries cannot find labor with which to master the orders pouring in upon us, and our railroads need additional equipment to handle the immense business of the country.

That we have failed to make proper provision for carrying on the business enterprises of the country, even at the rate demanded by our enormous prosperity, is an evidence that something is lacking in our economic machinery. It is not unusual for individuals to be overwhelmed by prosperity, especially when it comes upon them suddenly, but this country has surely had experience enough in that direction to equip it with the wisdom necessary to carry itself becomingly. As a matter of fact, however, we seem to learn but little in seasons of prosperity, but wait for the serious reflection induced by periods of commercial and financial depression to teach us wisdom. Our course with respect to currency legislation amply supports this conclusion. Of course, it is very doubtful if our bad banking currency system and obsolete sub-Treasury methods can be properly charged with responsibility for a panic, should one unfortunately occur; but they have indisputably aggravated the present unsatisfactory conditions. Although this is well known to all who have carefully studied these matters, we have not observed the slightest disposition in Congress to enact any remedial laws.

SECRETARY SHAW made an address at the annual dinner of the Missouri Society in New York on the evening of January 31, devoting considerable attention to the currency question. He is reported as saying that he was in favor of a credit currency, and if the country were adopting a new system, that would be the one to be adopted. Arguments like this are invariably brought forth to block the wheels of progress. Were we to be governed by considerations of this kind, but few reforms would be carried out. Reduced to its lowest terms, it simply means that tremendous efforts are required to overcome the inertia of conservatism, and as most of us are perhaps constitutionally disposed to inertia ourselves, we are reluctant to undertake so large a task as that of gradually conforming our currency system to a scientific standard. While realizing fully the difficulties that must be overcome before an ideal system can be attained, we do not see how matters are to be helped by postponing the beginning of the necessary reform measure until some future time. Every resort to exceptional devices to mitigate the effects of this system will, whatever temporary relief may be afforded, only aggravate the disasters which will ultimately visit the country as a result of this indisposition to grapple with the situation now, instead of waiting until driven to do so by the pressure of necessity.

Regarding a reserve against emergency currency, Secretary SHAW says that it is idle to require such a reserve, for the exhaustion of reserve is what makes the emergency. The Secretary neglected to point out an alternative which seems to us most obvious—namely, to provide something that will avoid the necessity of depleting the reserve, and thereby prevent the emergency. If banks were allowed to issue their notes under proper regulations the depletion of reserves, which now makes an emergency, as Secretary SHAW very justly stated, might be obviated altogether. Of course, with those who prefer to wait until financial troubles become painfully acute before resorting to any remedy, rather than to find some means of preventing the emergency entirely, an argument of this character will have no weight. The contention is between those who favor a credit currency to be used at all times, and those who are in favor of issuing such currency only under the spur of an emergency. There is no doubt that it is exceedingly comfortable to have at hand a ready means of meeting financial panics when they occur. It would unquestionably be much better, however, were it possible, to ward off these panics altogether.

POLITICAL CONTRIBUTIONS BY BANKS.

RECENTLY the House Committee on Election of the President, Vice-President and Representatives in Congress by a unanimous vote authorized a favorable report on the Tillman bill to prevent national banks and other corporations authorized by Congress from contributing to any election campaign fund and corporations generally from contributing to any fund to aid in the election of any candidate for Congress, Presidential elector or members of state legislature entitled to vote for a United States Senator.

The committee amended the original measure so as to impose imprisonment upon the directors of an offending corporation.

FARM MORTGAGE LOANS AS INVESTMENTS.*

BY EDGAR VAN DEUSEN,

FORMER INSTRUCTOR IN FINANCE, TUCK SCHOOL, DARTMOUTH COLLEGE.

INTEREST RATE.

PERSONAL bonds for money loaned, secured by first mortgages on farms held in fee by the borrower, are a type of investment that affords a considerably higher interest yield than the return on corporation bonds of equal safety.

During the last generation the interest rate on farm loans has gradually fallen, due chiefly to (a) lowering of the legal interest maximum by legislative act in different states; (b) better security afforded by farm lands under the influence of a continued appreciation of values from a succession of good crops and prices during the last decade—rather than the reckless speculation of a quarter century ago—and the tendency of applicants, in view of the recent agricultural prosperity and growing scarcity of available land, to follow legitimate farming rather than roving adventure; and (c) an increase of capital for such investment. Instead of the regular ten, twelve and even much higher rates—in addition to the customary cash bonus or commission of two, five, ten and even more per cent. paid by the borrower to secure the loan—the lender's return on good farm mortgages is now commonly five per cent., five and one-half per cent. and six per cent. in some cases; the first being roughly characteristic of older agricultural sections with established land values, the second of the new and developing regions of the West, and the last of still newer or more uncertain parts. In the South where dependence on a single crop involves an extra risk, and among old, time-extended western loans, rates of seven per cent. or eight per cent. may be occasionally found: but new loans of merit are now seldom placed at above six per cent.

A rate variation of one-half to one per cent. is sometimes found, not only between different regions but also within the same state or territory, as between eastern and western Kansas or Oklahoma and Indian Territory. The higher rate is due not so much to lesser availability of capital as to poorer security and higher risks which some loan houses are willing to take: thus, they push out into parts less desirable and more uncertain as to crop yield, where more conservative lenders do not operate, and where, accordingly, the former exercise a certain monopoly, which may

* This fourth article in the series on investments will be followed in March —instead of this month—with one on stock shares, by the same writer.

be increased by the sparse settlement of a region—new or old—which limits the number of lenders who can profitably operate in that field. Contrary to former financial conditions in the West, the present supply and movement of capital is sufficiently free that higher rates are generally explained by higher risks, plus at times a degree of lending monopoly as above shown.

Term.

The usual duration of these loans is five years, though occasionally three or seven; while some farm loan agencies commonly lend for ten-year periods only, though such loans are often repaid considerably before maturity. The increased relative strength of the borrower's position and the demand for these investments show in the changed provisions concerning returns before expiration of the term of portions of the principal. As a fruit of earlier unfortunate experiences with western farm loans, this feature was first embodied as an express stipulation for gradual reduction of the principal by partial repayments on successive interest dates; now, borrowers hold the privilege at *their option* to repay on any interest day, or occasionally at any time, such parts of their loans as they may be disposed or able to meet in amounts of one hundred dollars or multiples thereof, or in any sums not to exceed a given amount annually. So general has the practice of early repayments become in more prosperous sections, that some farm loan agencies have withdrawn from the business because of difficulty to keep out their loaned funds and the need of constant reinvestment.

Holders.

Though well fitted, when carefully chosen, for conservative private investment, the majority of these securities are held by financial institutions, of which insurance companies—mainly life—are credited with about half, while savings banks and trust companies hold much of the balance.

The extent to which farm loans are held by the above institutions varies with their individual policy and location: thus, some insurance companies will hold large amounts of farm loans, while others will have practically none; again, the holdings of a country savings bank would naturally far exceed those of a metropolitan institution.

Loan Agencies and Methods.

Farm loans may be purchased from local banks or trust companies, real estate or abstract companies, private investment firms or loan agents—frequently local lawyers or insurance agents—through whom the loan was originally obtained. To the private person who is rarely able to make directly his own mortgage investments but is dependent on others for his information as to character and value of the security, the choice of an able and reliable agency—as one which supplies many farm loans to savings banks and insurance companies—is highly important. Generally speaking, a firm or company specially devoted to making such loans will prove a more satisfactory agent than an institution or individual to whom this work is incidental. The former will properly have a salaried "field agent" skilled in the inspection of properties, and also commonly continue to supervise their borrowers and the tangible security of loans made through themselves and sold to investors, who are thereby relieved from any need to keep personally posted as to maintenance of the property, prompt payment of taxes, or other matters which affect their security. Again, greater care may naturally be assumed to have been used in the original placement of loans owned by the company from which bought, than is likely by a mere factor or agent for investment of another's funds.

Incidentally, it may be noted that a *guaranty* of loan repayment, formerly made by various western "investment companies," is as unnecessary on a proper loan as it has uniformly proved useless; while *debentures* of a company, issued by it in lieu of the farm mortgages on which they are based, are less desirable because of the chance and tendency to include in their security undesirable and risky loans which singly would not be taken, and the principle that here a union of unsound loans does not yield strength.

The mode of institutional investments in farm loans not placed directly through their own officers or agents is to purchase conditionally from time to time of regular agents quantities of their offerings whose merits are later thoroughly investigated at quarterly or semi-yearly intervals by the corporation's own agents sent to the field, who thus supply a check on and independence of the reports of the original lenders. Should any of the loans taken in the meantime seem to them unsafe, the loan firm is held to replace them with others satisfactory, which tends to mutual care and discrimination.

Chief Locations.

Though not confined to certain sections, the peculiar fields of this type of investment are in the South, where agriculture is reviving and particularly the West, especially in the farming states beyond the Mississippi, where the settlement of virgin lands of former reservations, the extension of irrigation and the development of dry farming, have temporarily added somewhat to the cultivated area and the number of such loans now available for investment. Accordingly, the soil characteristics later given for illustration are necessarily such as primarily apply simply to an important section of these regions where the majority of farm loans offered to the public originate.

Security Based on True Valuation and its Stability.

Ultimately, the safety of a loan rests on the double consideration of a *correct valuation* of its security and also the *stability* of that value, which directly assumes imminent practical importance in case of any attempted recovery of the principal.

Margin of Value or Proportion of Risk.

But possible instability, through first overvaluation or later depreciation of the property from any of several causes, and fall of apparent or actual value in case of a forced conversion of the security into cash, necessitates a *margin* or excess of the property's actual value over the amount loaned, which margin at any time is essentially the basis and measure of a loan's convertibility. Theory and conservative practice have uniformly restricted the maximum amount of a farm loan to fifty per cent. of the true value of its tangible security. In a settled section which is yet new enough to show a steady and unmistakable increase in its general land values, a quite safe loan may sometimes be made on a greater portion of appraised worth, since a sixty per cent. or even seventy-five per cent. risk may easily diminish to one of thirty-five per cent. or twenty-five per cent. during the loan's life, especially when coupled with the customary lessening of principal before noticed. A similar excess above the theoretical limit may be also justified in older sections where there is reasonable assurance that population and land prices will not materially lessen during the life of the investment. In such cases reliance must be placed increasingly on the personal character and financial strength of the borrower as the loan progressively exceeds the usual limit. However, conservative lenders uniformly keep below rather than exceed the fifty per cent. principle, especially in newer regions, when the loan is commonly for twenty-five per cent to forty-five per cent. of the farm's value, and may often become a ten to twenty per cent. risk by maturity.

Valuation by Capitalization.

The important task and practical difficulty is to ascertain the property's true value so that nominal and real risk may coincide. A proper determination of this value is the peculiar problem of the "field" inspector of the loan agency, and is generally fixed by a capitalization at some arbitrary rate of the farm's average annual yield valued at some chosen price. The crucial question is as to what capitalization rate shall be taken in a given instance. Apparently, the central basis of a farm's value is its utility as a productive agency, and the chief measure of this utility is the average amount and price of its yield. Were these the only elements essential to correct valuation, a uniform rate of capitalization could be applied to distinct properties at any one time. Other modifying factors, however, so enter into actual worth that *a chosen rate of capitalization cannot be the same in all cases,* but must be altered to allow for peculiar advantages or drawbacks and to produce equivalent risks on different farms. Such further considerations pertain to either the farm itself or its general location and environs; as to the latter, value will vary with the desirability for a home of the farm and its surroundings, and especially the tendency of lands in that region to rise, fall, or remain stationary in price, for which relative rentals in the neighborhood may be compared; between certain farms will be differences in value due to their relative states of cultivation and maintenance, and particularly to the *stability* of that income value as affected by uniformity of yield, in turn governed both by climate and especially the varied adaptability of the farm. Accordingly, right estimation of a farm's value and wise selection of loans involves reference not only to its usual past proceeds under a given management but also to the character of the products for permanence and uniformity of crops, and further to those physical factors which indicate both the best adaptability and potentialities of a farm and likewise its natural resources which together with surroundings make for stable or increasing worth.

I.—PHYSICAL DETERMINANTS OF INCOME AND VALUE.

The prime factor in the value of a farm within this country's naturally productive area is:

1. *Soil* and its character: in *structure*, this consists of a *top* soil whose nature and texture largely determine the kind of crops that may be raised, and which should be at least ten inches to one foot in depth to the *subsoil*, most often largely of clay, and whose degree of porosity broadly indicates the measure of the "top-soils," natural drainage and moisture. In *texture*, the ideal soil, both upper and lower, is one of *medium porosity*, neither so compact that rains run off without penetrating, nor so loose that precipitation seeps rapidly away.

Fertility of a soil, again, varies widely with its composition. Most farms will grow more than one product, while a few are equally well fitted to produce any or all staple crops, though certain soils have a special adaptation for one or two kinds of product, which only can be cultivated with much profit or success. A few suggestions merely on the merits of different soils and their relation to various crops indicate the importance and breadth of this subject.

For example:

(a) *Black, waxy, heavy* soil—a body of clay richly permeated with vegetable matter, usually underlies timber areas or may be found in bottom-lands, especially in regions of large rainfall like northeastern Texas; when well drained, this earth ranks first in richness as a very strong and permanent soil, but is limited in adaptability chiefly to timber or, when cleared, to corn, of which it yields most bountiful crops, being the corn land par excellence.

(b) *Dark, medium-texture loam*—whose subsoil is generally looser than in the first case and about twelve to eighteen inches below the surface, such as is often found in "second-bottom" lands, or those not subject to overflow, and low valleys, is a readily friable soil of clay and sand well supplied with organic matter. It constitutes a rich and one of the two best "all-around" soils adapted to any of the common cereals or crops. Its presence indicates a choice loan from the soil standpoint.

(c) *Dark, sandy loam*—found in the higher valleys and flat lands, with porous subsoil but less clay and more sand than the previous loam, is an excellent and easily-worked soil that yields good crops of corn, alfalfa, potatoes, melons, fruit, etc. Together with the medium loam, they constitute the best general farm lands with varied adaptability.

(d) *Chocolate-colored* soil—usually has its subsoil nearer the surface and more compact. It should produce *medium* general crops, especially of corn and oats, etc., but if sufficiently sandy is well suited to wheat.

(e) *Red* soil—varies in quality from poor to fairly good, the lower situated being generally the better. The iron present, as shown by the color, fits the soil for certain fruits, particularly apples, and when sufficiently sandy to be friable is well suited to wheat also.

(f) *Clay* and *Gravel* soils—are commonly compact and poor absorbents of rain. Their quality ranges from medium to poor, and their chief value is as hay, grass and pasture lands. Fair yields of some ordinary crops, however, may be cultivated on the less compact of these soils.

(g) *Ashen-colored* and *white sandy* soils are usually very light and poor; while *white colored alkali* soil is practically worthless, even with water. A light sandy soil should preferably be fastened by a plenteous sprinkling of trees, as a grove or orchard, to prevent its blowing to cut the crops in a section subject to strong winds; for example, *pear* trees will usually thrive where water is near or within eight to twelve feet of the surface: but when found only at considerable depth, the growth of all products will be extremely poor.

While the value of extremely rich or poor earths is generally unmistakable, apparently similar soils in different sections, among medium grades, may vary somewhat from differences of chemical ingredient or climate in their productive merit, as the light colored sandy clay soil of Southern California, which yet yields heavy crops of wheat, or some gravel soils in the northeast that under proper conditions of moisture and drainage constitute desirable farm lands.

To confirm or supplement a loan report if desired in some cases of uncertainty, a soil analysis may be secured at almost any state agricultural college, or its character in some sections may be authoritatively learned from the valuable "soil maps" issued by the Federal Department of Agriculture, which now cover around sixty million acres in different regions, while records of new areas are repeatedly added.

For fuller understanding of the different quality and utility of soils numerous bulletins issued by the agricultural experiment stations, as well as more comprehensive technical works such as Robert's "Fertility of the Land," or King's "The Soil," may be studied with profit.

2. *Water*—proper in quality and quantity for crops, stock and people is hardly less important than soil character. Where live stock is

a noteworthy item on the farm an available permanent stream is an attractive feature, though it may mean a certain amount of rough, broken land, fit only for pasture, but naturally well suited to that use; where the stream is large, however, fertile bottom-land instead may be indicated.

Wells commonly involve the need of wind-mills for dairy uses, and, not infrequently being subject to sudden failure at dry seasons in the Middle West, should be reported as to permanence and depth which broadly indicate the accessibility of water and natural moisture of the soil; while a maximum proper depth varies with the section of country, a well in the above region from twenty to forty feet deep would indicate water reasonably near the surface and hence a more desirable farm in that regard.

The amount of water required for crops will vary somewhat with their kind and whether or not their roots naturally run deep, like alfalfa, and also with the soil's porosity; thus, a sandy or loose soil, as cleared timber land, requires more water, from some source, than more compact earth. The matter is much influenced by the character of subsoil, which should be always noted; when especially loose, it permits faster leakage of water and drying up of the top soil; while if very compact it acts as a table on which the water rapidly drains off.

Water shown to exist at a level of around ten feet below the surface indicates so-called "sub-irrigated" lands which are uniformly among the best for farms. A preservation of soil moisture through skillful and frequent cultivation of the surface is the basis of the new "dry farming" by which excellent crops of wheat, etc., are grown on sandy grounds formerly deemed fit only for gazing because of infrequent rains.

In this connection, the matter of *irrigated* lands as security may be briefly noted. Theoretically, a farm whose water supply can be constantly controlled and scientifically applied as needed furnishes ideal conditions. Practically, however, there yet exist certain difficulties or dangers which may render such security less desirable than naturally watered land of proper character. First and foremost is the risk of legal entanglement and *litigation* over questions of absolute or prior *water-rights,* which afford great possibilities for complexities of this kind, especially since heretofore the matter has been controlled by distinct and perhaps conflicting state laws.. As irrigation comes more under uniform Federal supervision, however, it is likely that occasions for such conflicts will greatly lessen.

A second risk is an *inadequate supply of water* when needed. Enough moisture and at the right time is obviously essential for successful crops: yet the normal tendency, when private irrigation companies control and sell the largest possible number of water rights, is to occasion an insufficiency of water for the several farmers, especially should the water shortage occur at some season of important demand. A further trouble as to lack of supply is the discrimination which is said to be sometimes shown by official "gate-keepers" as the result of bribery, whereby one farmer profits at the expense of another.

3. *Climate*—though not generally referred to in a loan application or report, is a direct element in agricultural production, but so intimately interacts with the soil element as to make its influence indistinguishable except in very broad terms. The two general factors are obviously relative *heat* and *moisture.* Even the same soils under different climatic conditions give different results: thus it is that *wheat* will not thrive in the mild climate of the Southern States, even on wheat land; while *alfalfa* is not sufficiently hardy for successful growth north of a parallel in the region of Chicago, even on the most fertile soils. "Blue-grass" also deteriorates for its prime use as pasturage under the influence of hot weather and rapidly goes to seed.

Where the *quality* of agricultural produce is important, as with fruits or certain vegetables, climatic influence is not less significant, though it is impossible to distinguish clearly the part taken by soil or by climate in the production of raisin grapes in California instead of in northern Ohio, or of a sugar-beet of one section which excels in the quantity of its saccharine substance per ton of vegetable.

Location where rainfalls are uniformly ample and seasonable plainly improves the security value of a farm in regions naturally subject to cultivation: the lack of this feature, together with the likelihood of hot winds commonly characteristic in regions of scant or irregular showers, is largely responsible for the difference in desirability between farm loans placed in the eastern or western portions of the West Mississippi Valley; though these climatic differences seem to be disappearing as the western territory comes more completely under settlement and cultivation.

Reliable information concerning the general weather characteristics in a given section may be readily secured, however, by application to the Federal Weather Bureau.

4. *Products*—of a farm, as the immediate source of its revenue, are the most readily applied test of its value, and must be estimated on the basis of averages. As between two equal averages, the further principle of uniformity should be applied as a modification significant from the standpoint of safety: that is, a farm of fluctuating yields ranks lower as security than one of more uniform and regular crops. Accordingly, the difference between crops at to hardiness of certainty of yield should be considered in determination of the per cent. of risk or margin of value to be allowed on any given loan. A further practical application of the principle suggests the greater security of land with varied adaptability and diversified culture than of an exclusively one-crop farm, especially if devoted to such a product as fruit which would require several years to come again into yield if once destroyed.

A farm's chief crops, furthermore, furnish a significant index concerning the character of its three fundamentals—soil, water supply and climate. Data concerning a farm's products should be interpreted with reference to the region in which the property is situated. Accordingly, a proper loan report should show also the character of crops raised on surrounding farms.

Variations, however, in soil, etc., between farms in the same region are inevitable, and occasion not only differences in quantity but in the kind of crop grown, certain of which may be taken as broadly indicative of the general character of the soil in question. The most widely applicable test or indication of first-class soil on a farm is a good *white potato crop,* which—on proper soil—can be grown under practically every climatic conditions found in the United States. In addition and in cooler portions of the country north of about the forty-fourth parallel of latitude, roughly speaking, *wheat* may be taken as the test of a prime soil; for the next one thousand or more miles southward, until within approximately two or three hundred miles of the Gulf, an ample crop of *corn, oats, clover* and *alfalfa* indicates the presence of a good quality of earth; while large crops of *alfalfa* are the best test of a superior soil, as well as of proper drainage, natural or artificial. In the extreme South a full yield of cotton furnishes the best mark of fertile land. Watermelons, also can be grown in sections as far north as Iowa, and where mentioned in a report indicate good soil.

A rather poor soil, on the other hand, is disclosed by such crops as *kaffir corn, broom corn, sugar cane* or *beans*—an important crop in certain parts of California—which last can be grown in very light earth and draw most of their moisture from the air.

Again, a sandy soil is indicated by such products as *sweet potatoes* or *melons,* while *blue-grass,* on the contrary, is grown only on clay.

Certain crops, furthermore, such as buckwheat or turnips, rapidly exhaust the soil and their repeated cultivation on a piece of land is not a favorable sign. These suggestions might be indefinitely prolonged, but enough is given to show the general significance of the kind of crops and importance of some knowledge on these lines by the farm loan buyer.

Turning to the question of what constitutes a *normal yield* of the staple crops, as a test of soil fertility and cultivation, the quantity naturally varies in different sections. Rough approximations, however, may be given as guides for a discriminating judgment. For *potatoes,* an average of about 150 to 250 bushels per acre should be obtained on good soil, or even 300 bushels on superior "bottom-land;" *wheat* should yield under ordinary favorable conditions not less than twelve to twenty bushels per acre; *corn* may be considered a good fair yield at about twenty-five to thirty-five bushels per acre; *oats* may range from thirty-five to eighty bushels per acre, but should average about forty or forty-five to sixty-five or more bushels; while *cotton* does well when it gives one-half bale or about 250 pounds per acre. *Alfalfa* produces from one to two and a half tons per acre for each of from two to four crops per year, one of which may be used for seed; though, when not drowned or frozen out, one seeding may last for twenty years. To be fully valuable, a report's crop statistics should give in addition to the yield per acre the *prices* realized therefor in the particular region involved.

Turning briefly to the item of live stock, it appears that no rule can be predicated as to the amount of stock which should be expected on a given farm or the per cent. of acreage which should be given over to pasturage. These matters will vary according to the current farm methods that prevail in different regions, as well as the peculiar fitness of the particular farm. In a new region with fertile soil well adapted to one or more special crops, it may be more profitable for the time to raise those, even though cattle also might be raised, or *should be* in older sections with depreciating soil. In the West, good soil may properly be left unplowed as hay land, for the peculiar reasons that tame grass will not grow there and wild grass roots once destroyed cannot be replaced; though in other parts it may be said that over one-fourth the acreage of a farm of average size given to pasture in a section where stock raising is not predominant would indicate rather poor land, or slack management.

A normal fertility and utilization of pasturage may be briefly indicated by reference to the amount of stock per acre of land which it may be properly expected to support and yet leave the fodder in thrifty condition, not eaten out; thus, $1\frac{1}{2}$ acres of good pasture should yield ample feed for a *horse* or *mule;* not over $2\frac{1}{2}$ acres each should be required for *cattle;* as a pasture's chief damage comes from a cutting off of its grass roots by the animal's sharp hoofs, especially when they stand together and stamp, an acre should maintain four *sheep* if they are kept moving when they tend to collect between ten and three o'clock.

An *orchard* or *timber* lot is also a favorable feature and product that not only adds to the farm's intrinsic value, but gives a clew to the nature and productivity of its soil.

5. *Area* and *Surface:* other things being equal, a large farm affords better security for a given risk than a small farm, particularly if but ten or fifteen acres and given to a single crop whose failure would leave the owner with insufficient land for profitable general farming, and lead perchance to the land's abandonment. Conservative loan agents usually prefer to avoid loans on small farms of around forty acres: they reason that as a family's living expenses on either a large or small farm are practically the same, a less margin for surplus accumulations is afforded on the small tract than on the large, and therefore repayment of principal is more difficult and uncertain on the small place. In deciding this point, however, the *wage* question should be taken into account when "hired help" is evidently necessary to proper cultivation of the place, since a smaller farm which can be handled by its occupants may yield more profit than a larger one which requires much help.

The *surface* of land, whether hilly, rolling or level, is of importance both as influencing the ease and economy with which it can be tilled, and its liability to be excessively washed by rains and denuded of its best soil. The "lay" and *slope* of land marks its liability to dangerous *over-*

flows when situated in river bottoms, and the character of its natural *drainage* which is important with most crops, and especially with some, such as alfalfa which is hopelessly damaged or destroyed by standing water even for two days. The presence of surface *stone* also affects a soil's workability, and is a rough index of its productive nature. The extent of *waste* land such as creek bed, swamp, ravine, or hopelessly stony patch should be clearly disclosed in the report.

6. *Locations:* the chief utility of farm, as distinct from city land, is for the production of an excess of raw materials above what is required for consumption by the occupant in the maintenance of his home. Hence, the question of location as related to security is chiefly important as regards *accessibility to market,* which in turn involves distance and the character of lines of travel or communication, as determinative of those items in the cost of production. Practically, this calls for good roads and a distance from market when teaming is necessary of not over ten or a dozen miles.

Desirable environment is important rather from the social than financial side, though it does have a measure of economic importance not hard to see. In the valuation, also, of a given farm, the rental or productive values of surrounding tracts is of some aid and significance. A further important piece of information which may be gathered from a broad view of surrounding farms over several years is the tendency of land values in that section to rise or fall, which perceptibly modifies the individual value of the particular farm.

7. *Buildings*—and similar improvements add somewhat to the convenience of a tract of land and hence to its value as a homestead; but such added value cannot be estimated equal to their first cost, even when they are well maintained. Their chief significance is as an index of the general prosperity and thrift of the owner, and their value should generally not exceed twenty-five to thirty-five per cent. of the total value of the property as a business proposition. When such improvements are included in the valuation on which the percentage of risk is estimated, they should naturally be covered by insurance with a policy subrogated to the mortgagee.

II. PERSONAL CHARACTERISTICS AND PROPERTY.

The significance and meaning of properly given personal and business characteristics of the mortgagor are vital but plain and call for no particular comment, even as to nationality. The schedule of *personal property* owned by the borrower is indicative of his general thrift and financial strength; but it should be remembered that while these things, if unencumbered, are liable to execution under a deficiency judgment on the bond, they are at best but secondary security to the lender, uncovered by his mortgage, and may be gone when wanted.

III. LEGAL FEATURES.

Correctness of mortgage, when procured from a reliable house, and soundness of its maker's title to the property may be generally assumed, as these matters are passed on by the agencies' local attorneys to whom an "abstract of title" is furnished—by a bonded abstract company or firm financially liable for the truth of its transcript of the records which uniformly accompanies the application for loan, report, bond, mortgage and assignment that constitute the "papers" furnished by reputable farm loan agencies.

As termination, however, of a loan through foreclosure is a possibility, preliminary notice should be given to the legal provisions of the debtor's state relative to this procedure and the time during which the borrower may remain in possession of the property and its income, together with the possible redemption period, which varies in different sections from two to eighteen months, before whose expiration an absolute title cannot be secured. These matters may properly be regulated, however, by special contract of the parties to simplify and shorten the requirements in this event.

Conclusion.

In fine, it appears that this type of investment—notwithstanding some past losses in certain sections due in final analysis largely to lack of common prudence and intelligent selection of loans (aggravated by the dishonesty of loan agents) coupled with insufficient margin and undue haste to "realize" on the security in the event of foreclosure—when offered by reliable houses and discreetly chosen, ranks among the very highest as to stability of value and security, especially under present "good times" when any need for frequent revaluation because of falling values or the likelihood of "granger" legislation or other matters adverse to the lender is practically absent. The mainly fortunate experiences of insurance companies in their farm loan investments to the extent of millions of dollars is further verification of this fact. As to net yield, this is not lessened by deductions for brokers' commissions, etc., since the borrower pays the expenses of the loan.

Lack of prompt marketability has been noted against farm loans, though for an individual this is not a necessary drawback. Aside from a quasi-convertibility offered by the frequent advance partial payments, the private person may often sell his loans, if desirable, to institutions; while, for the latter, inconvertibility is perhaps not more characteristic of these than of many other good securities in "bad times." This matter, however, may be in time changed by the establishment of national land mortgage banks after the principle of the Credit Foncier, as has been recently advocated.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

BANKING AND COMMERCIAL LOSSES.

THESE are coupled together in this treatise for the reason that there is generally a very close connection between them.

A bank cannot lose money by a commercial customer until that customer, except in the cases of deliberate fraud, has lost all his capital, and is unable to pay his debts. It is also not seldom the case that a merchant fails by reason of the losses he, in his turn, sustains by *his* customers.

He may indeed, especially in some branches of trade, fail because of a heavy fall in the price of some commodity he deals in. This is a contingency that every wise merchant will take special means to provide against.

Then there are the losses that a merchant may suffer by *speculation*.

These are not legitimate losses. They ought not to occur at all. But they do occur in sufficient numbers to make it necessary for a banker to take them into account.

Both banking and commercial losses are much influenced by the condition of the trade of the district in which operations are carried on, also by times of prosperity or depression, either in a particular district or in the whole country.

It is, for example, well known that failures are much more common in new countries than in old; and in the newer parts, let us say, of the United States and Canada than in the older.

They are also more common, other things being equal, amongst men in new industries than in well established ones.

Of all these things a banker must of necessity take more account than a merchant, for the latter in doing business in a new community, if he incurs greater risks, can generally make greater profits. But a banker is rarely able to do this; hence the importance to him of care in having loans adequately secured; also of scrutinizing business bills so as to guard against mere accommodation paper being taken under that guise. With such precautions as every banker ought, in the reason of things, to take, it should be the rule, that even if his customers fail, the security should be capable of such realization as will save him from loss.

Passing, however, from general observations to particulars, it is necessary to take note of both commercial and banking losses as matters of *fact;* together with the reasons for failure in one case and loss in the other.

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*Continued from January number, page 41.

The most effective way of doing this, and it will add point to all observations on the subject, will be to cite *particular instances* of losses. Most of these have come under the author's own observation, and have made an indelible impression on his memory. The rest were well known at the time to the commercial and banking world. Names, dates, and places will, of course, not always be given, for it would not be proper to do it; but the cases cited may be relied upon as narratives of actual events; every one of them conveying some practical lesson for future guidance.

More than fifty years ago no goods in a certain line of English manufacture were of higher finish or more beautiful design than those made in the great establishment of B. & Co., in Yorkshire. The firm had a warehouse in London, and a large part of the goods they produced were sent there, and sold to wealthy residents of the capital, or distributed throughout the Kingdom from that centre. The leading noblemen of England were their customers; and on one occasion they manufactured a magnificent set of goods for the King.

The members of the firm lived in expensive style, and took the lead in the fashionable society of the neighborhood. But to the bankers of the district, they came, in course of time, to be known as continually short of money.

They were, however, the kind of people sometimes called "clever financiers," and having several banking towns within easy distance, they managed for a considerable time to get cash for checks, by drawing sometimes on one bank and sometimes on another, varying the operation by drafts upon their house in London; that house repeating the operation conversely.

But as time went on these London drafts occasionally went to protest. Bankers in the neighborhood got more and more shy, and at length refused to cash their checks or bills at all. Finally, the firm came to a stop, and went into bankruptcy.

When the accounts in bankruptcy were presented, the creditors were astonished to find that a large landowner in the neighborhood, to whom their works belonged, was a creditor for a sum representing the accumulated rental of some twenty years, or about £20,000 and interest! This rent, his steward (with his own good-natured concurrence) had allowed to run on year after year without pressing for payment, largely out of consideration for the workmen employed in the establishment.

The estate paid practically nothing. The works were never reopened. The family disappeared from the district. Many local creditors suffered losses they could ill afford, but the banker spoken of had been wise enough to act upon indications of weakness; and, having taken measures in time, lost practically nothing.

The cause of this collapse might be largely traced to the good nature of the landlord; for it encouraged the firm in a reckless style of doing business.

Of artistic tastes themselves, and fond of new designs, they were continually bringing out rare and expensive styles of goods; concerned only with keeping up their reputation, careless whether they were making profits or not. They were in reality living upon their landlord during all the years of the business; and he, of course, was the chief sufferer by the failure. If he had done his duty to himself and his estate, they would have been compelled to manage their business so as not only to make beautiful goods, but to make profits (or retire); and might have become a wealthy and prosperous concern, as numbers of other manufacturers in that district had done and are doing at this day. But the good nature of their landlord was their ruin. And it has to be added that too easy a supply of money has paved the way to ruin of many a man in Canada.

Some years after these events the commercial community of Liverpool was startled to learn that one of the leading banks of the city was in difficulties, and had been compelled to apply to the Bank of England for assistance. They were still more surprised to learn the cause of the embarrassment, which proved to be wholly owing to *inordinate advances* to a *single firm!* This firm was in the habit of receiving consignments of merchandise from foreign houses on a very extensive scale, and accepting bills against them. This was their business. They had carried it on successfully for many years and had prospered.

At this time, however, the financial and mercantile position had become clouded. Markets were dull. Goods were difficult to sell, and steadily falling in value. Meanwhile the house went on accepting as usual. But their acceptances were constantly maturing, and not being willing to sacrifice the interests of distant consignees, instead of bringing their goods to sale, they warehoused them, obtaining advances from the bank to retire acceptances.

It so happened that at this time the manager of the bank, well known as an able man in the community, was absent for a considerable period from ill-health. He had gone abroad, and it was difficult to communicate with him. The second officer and the directors had not the nerve, and did not care to take the responsibility, of compelling the goods advanced on to be sold, but went on making advances, hoping for a turn of the tide which would save the house from ruin, and the bank from loss.

Thus the advances, which were only some £50,000 at first, went on increasing until they were more than ten times as much, whilst the warehouses of the port were becoming overstocked with merchandise that was steadily going down in value.

The situation was becoming terribly serious. To compel sales, or refuse further advances, would inevitably ruin the firm, and result in enormous loss to the bank, besides demoralizing the market and inflicting loss on other customers. Under the circumstances the Acting Manager and the directors became utterly demoralized. So all drifted on together, the advances of the bank mounting up week after week until they reached the enormous sum of £750,000.

Then the crisis came. The resources of the bank were exhausted. The *Bank of England,* which had sometimes made advances to the bank (as is often the case in England) in the ordinary course of business, was made acquainted with the condition of affairs, but refused to intervene. The bank perforce stopped payment. An enormous loss resulted in the realization of the warehoused goods. The mercantile firm went into bankruptcy; but scarcely anyone was interested in the firm except the bank, which, by its culpable weakness and mismanagement, had absorbed the whole affairs of the firm into its own hands.

The house disappeared from the seaport. And though the bank resumed business in a reduced form; it never recovered its credit and prestige and was finally wound up, its business being passed over to another institution. The bank was the Royal Bank of Liverpool, and the time 1847.

These disastrous consequences all ensued, first, from the folly of a mercantile house accepting too heavily against merchandise, and allowing it to accumulate instead of bringing it to sale; then, and onward concurrently in the bank's making advances to an unreasonable amount against the same merchandise, and failing in the courage required to face the situation and compel sales; until finally all control was lost, and the bank and mercantile firm together drifted into a position from which there was no recovery.

The whole story is fraught with striking lessons to both merchants and bankers. There was not, however, a suspicion of wrong-doing or fraud by either party. All that could be alleged was a terrible deficiency of good judgment and nerve.

This, however, could not be said of the frightful collapse of certain mercantile firms and the City of Glasgow Bank which occurred some years afterward. That collapse was a case of mercantile ambition gradually developing operations spread over nearly all the markets of the world, partly legitimate, but in the end grossly illegitimate; also of banking ambition, aiming to carry larger accounts than any bank in the country; both finally ending in the most astounding financial frauds and disasters of the nineteenth century. Of these operations at first there was nothing worse to be said than that they were far too extended for the capital of the firms interested, and far too extended for the bank itself to encourage by advances. After the operations of the firms became manifestly unprofitable, the bank might have brought the whole to a close with a loss of £50,000 or £100,000 at most. But this the directors refused to face, and went on making advances, hoping for a turn in the tide which never came. Besides this, the accounts of the firms (there were four in all) were highly profitable, owing to the multiplicity of exchange operations connected with them, and the immense amount of interest they carried. So the advances went on increasing, until they amounted to sums far beyond what had ever been heard of in Scotch banking.

Had their operations, even then been all based on merchandise, they might possibly have been wound up with no worse result than the bankruptcy of the firms, and the loss of part of the capital of the bank.

There were four firms interested in these operations, differing only in name, for they were so interlaced as to be practically one concern. And the time came at length when they launched into great operations in real estate, and bought not merchandise only, but the land, buildings, and plant by which the merchandise was produced, and this *in many countries*, and to fabulous amounts.

By this time their operations had taken the shape known in commercial circles as "plunging;" that is, buying heavily and selling as heavily, entirely regardless of the condition and prospects of any market in any part of the world.

The natural consequences ensued in the shape of losses to enormous amounts. The bank, however, as in the former case, was under weak management, and became so hopelessly entangled in the operations of the firms that they had to "sink or swim" with their customers.

Then when the purchases of property by the firms necessitated advances of an unprecedented amount, which were inevitably of the nature of a "lock-up," the bank fell into a terrible snare proposed by the astute senior partner of one of the firms, and became parties to the manufacture and negotiation of what were practically fraudulent bills. *Facilis descensus Averni.* The downward road is only too easy. Once embarked in such lines of operation it became impossible to draw back, and the authorities of the bank drifted helplessly on. Yet they were well aware that the bank was "on the road to ruin," unless indeed by some almost miraculous turn of affairs, and that in various parts of the world, these properties could be sold for sufficient to retire the debts of their customers and enable the fraudulent bills to be withdrawn.

But the fortunate turn of affairs never came.

The masses of bills that had been set afloat bearing the bank's name were constantly falling due in London. To enable them to be met, other bills were drawn purporting to be for different transactions of an original character, but which were nothing more than fraudulent renewals.

The firms, as is the manner of men who have embarked on such desperate enterprises, entered upon other engagements, purchased other properties up and down the world, (for the *whole world* was the theatre of their operations), made contracts for other masses of merchandise, all of which necessitated the floating of other masses of bills, the bank being of necessity a party to the whole wretched business.

The volume of bills therefore went on constantly increasing; and as these all finally had their domicile in London, the bankers and bill brokers of the city, in spite of skillful devices kept in operation to deceive them, began to be suspicious, and to confer with each other.

"There are too many of these City of Glasgow Bank bills floating about," they said; and the general feeling was that the volume should be curtailed. But none of the parties dreamed of the appalling sum to which the total amounted.

The Bank of England, the great joint stock banks, and the discount houses then began to "*discriminate* against" the bills, as the current London phrase is. The signs of constant renewals became more and more evident, and they refused to increase the "lines" they held.

But the plungers were men of resource; and by this time had become utterly unscrupulous, both in what they said and what they did. False statements were made in confidential interviews. Many of the operations were transferred to other financial centres. More and more ingeniously contrived batches of bills were set afloat, the name or guarantee of the bank being attached to all of them. And as it was known that the bank was on the principle of "unlimited liability" with a circle of stockholders whose wealth in the aggregate was immense, the money markets of the world absorbed them. By such means the inevitable crisis was deferred month after month. All this while the ordinary business of the bank at its numerous branches went on as usual, and was conducted with the usual prudence of Scotch banking.

At length, however, the long-dreaded day arrived, and it came about thus.

Some little time before the collapse, the older banks of Scotland had been approached with a view to obtaining "temporary assistance," as is customary in such cases. These banks, however, had for some time entertained a suspicion that something wrong was transpiring, though none of them had the remotest idea of its real character, and still less of its enormous extent.

When, then, assistance was asked, they naturally (and as is customary) stipulated that an examination of the condition of the bank should be made.

Before the examination had proceeded far, sufficient was revealed to cause the older banks to refuse assistance. This was the end. The Glasgow Bank stopped payment immediately. So did the circle of dependent firms. And very shortly Scotland was convulsed by the astounding revelations that were made of fraud and falsehood on a scale never before dreamed of. Week by week enormous masses of maturing bills were protested; and as the full extent of the affair began to be revealed, London itself stood aghast at the masses of fraud that its banks and bill-discounters had been supporting. For a time almost everything emanating from Scotland was clouded with suspicion.

Strong and solvent firms, and banks that had not the remotest connection with the firms that had carried on these speculations, were suspected. It appeared likely, indeed, that a general banking panic and consequent "run" upon all the banks would spread over Scotland.

But the rest of the banks met the situation with a high degree of wisdom and courage. They determined to act in concert, and announced that they would pay the notes of the defunct bank. This stopped the incipient panic. And as it came to be realized what an enormous financial strength resulted from the whole body of stockholders being liable to the extent of their means, the public excitement gradually subsided.

But the alarm of the unfortunate stockholders went on increasing; and when the report of the committee of investigation was received, announcing that the whole of the capital and the reserve fund was lost, and that the shareholders would have to pay in addition the unheard of sum of £5,200,000 sterling to the creditors of the bank, an unparalleled sensation was created, not in Scotland only, but throughout the banking world.

The report of the committee of investigation having made it clear that there had been gross fraud and misrepresentation on the part of the directors, and certain officials of the bank, the directors, Manager, and secretary were apprehended and brought to trial. The secretary, however, was accepted as a witness, as his plea of acting under constraint, and by order of his superior officers, was allowed.

The trial lasted eleven days, and its revelations were another illustration of the saying that "Truth is stranger than fiction." No romancer or novelist in the wildest of his imaginations could ever have conceived such a series of events as that trial brought forth. They filled the whole banking and commercial world with excitement, and caused the experienced men of the London money market almost to hold up their hands in horror at the operations to which they had unwittingly been parties.

The mercantile failures were on a scale of almost unprecedented magnitude for that time; the liabilities of Jas. Morton & Co. being £2,500,000, of Smith, Fleming & Co., £1,600,000, of Matthew Buchanan & Co., £1,310,000, of James Wright & Co., £750,000, besides others of smaller amounts. The total liabilities of the circle amounted to nearly £6,500,000! The assets were a mere nothing, and almost the whole loss fell upon the bank and its unfortunate stockholders.

For them, indeed, the catastrophe brought about misfortunes that till then were unparalleled. Suicides and madness ensued. Numbers of respectable families were reduced to poverty, and to such an extent did this prevail that a public subscription, which resulted in a very large amount of money being raised, was set on foot for their relief. Thus it came about that numbers of persons throughout Scotland, who would but a short time before have abhorred the idea of receiving aid from without, found themselves compelled by the pressure of poverty to accept the benevolence of the public.

One very extraordinary contingency happened in connection with the liquidation, which up to that time could not have been conceived possible. The Caledonian Bank, a well-managed institution with headquarters in Inverness, had taken as security from one of its debtors *four shares* of £100 each in the City of Glasgow Bank. The shares at the time were well quoted, and considered good property. The name of the Caledonian Bank was therefore on the Glasgow Bank's register at the time of failure, and thus this bank was liable to the extent of its whole capital for the Glasgow Bank's debts. It was therefore included amongst the "wealthy stockholders" who were expected to contribute large sums to make up the deficiencies of other stockholders who were reduced to poverty. The knowledge of this produced great excitement in the North of Scotland, especially amongst the bank's depositors and shareholders. A "run" set in. The bank struggled bravely for a time, but eventually was compelled to suspend payment.

Its doors remained closed for some months. Meanwhile a large guarantee fund was raised, negotiations for settlement were entered upon with the liquidators of the bank, and ultimately £11,000 was accepted in discharge of the liability. It seems incredible that this immense sum had to be paid as the result of taking the Glasgow Bank's shares to secure a trifling debt of £400. But so it was. The bank resumed business with the universal good-will of the people of Scotland, and of the other banks, and has continued in a prosperous condition ever since. But it had the misfortune to furnish this severe object-lesson of the danger of taking unlimited bank shares as security. The danger is not so great since the general adoption of the principle of limited liability; but even now, the large amount of uncalled capital general in English banks might be a cause of serious loss if a similar case arose.

An embarrassing question connected with the disaster was the liability of persons who were simply shareholders as trustees or executors. The liquidators announced their intention to hold all these as liable in their personal estates; a demand which spread consternation over a wide circle.

Executors and trustees naturally contended that the liability attached solely to the assets of the estates they administered; a severe liability indeed in many cases, and inflicting untold misery upon widows and children who were dependent on the provisions of wills made in their behalf. But that there should exist, over and above this, a personal liability of the trustee himself to the extent of his whole fortune, was deemed incredible. It seemed utterly inequitable. Litigation therefore ensued, and a test case being carried to the highest court in the realm, the Judicial Committee of the Privy Council, that court decided that the trustees were personally liable. The judgment was considered by numbers of people, probably the majority, as contrary to reason and equity, but the decision of the court conveyed by the Chancellor was deemed a masterpiece of legal acumen and subtle reasoning. Needless to say, it broke with frightful severity upon numbers of persons who had never derived benefit from the stock. By such severe measures, however, the whole of the creditors of the bank were ultimately paid.

When things began to resume their ordinary course throughout Scotland, a profound impression took possession of the public mind, not in Scotland only, but wherever the principle of unlimited liability prevailed, viz., that the system was dangerous; and that some means must be devised which would prevent such ruinous disasters again overtaking their stockholders. What was required was some statutory limitation of liability at the outset, so that all purchasers and holders of stock would have accurate knowledge of the worst that could happen to them, in case of misfortune befalling the institution.

Legislation already existed in the Joint Stock Companies' Act by which any company could limit its liability; and amendments were made extending the operation of the act, so as to make it suitable to the circumstances of banks.

One condition of the legal adoption of the principle of limitation was distasteful in the extreme, viz., that any bank or company desiring the benefit of its provisions must add the word "limited" as an essential part of its title.

Many banks were afraid of injury to their credit by the addition of the obnoxious word. In Scotland this requirement was felt to be particularly distasteful to the majority of the banks, inasmuch as the three oldest institutions of the country, the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company, all claimed that they were on a limited basis already by their charters; and that there was no need for them to add the word to their title. The rest of the Scotch banks therefore, were particularly averse to the use of the word, as they considered it would place them in an inferior position before the public. The leading London banks, however, gradually adopted the principle, enlarging their subscribed capital so as to create a large margin of uncalled liability; and added the word "Limited" to their title. This, as experience has proved, did them no harm. Depositors and the public were alike satisfied: and, gradually following their example, the joint-stock banks of England and Ireland almost all adopted the principle.

The Scotch banks, who had at first stood out, at length overcame their fears, and the same result followed. The whole joint-stock banking of Great Britain and Ireland is now therefore conducted on the principle of limited liability, with a large reserve of uncalled capital.

And from the failure of the City of Glasgow Bank, as well as that of the Western Bank of Scotland some years before, all bankers have learned that *ambition, push,* and what is called *enterprise,* are not elements of good banking. These two banks were distinguished by these characteristics from the first, and not seldom twitted their neighbors with their slow, old-fashioned methods.

Time, however, and events, justified them.

G. H.,
Former Gen. Mgr. Merchants' Bank of Canada.

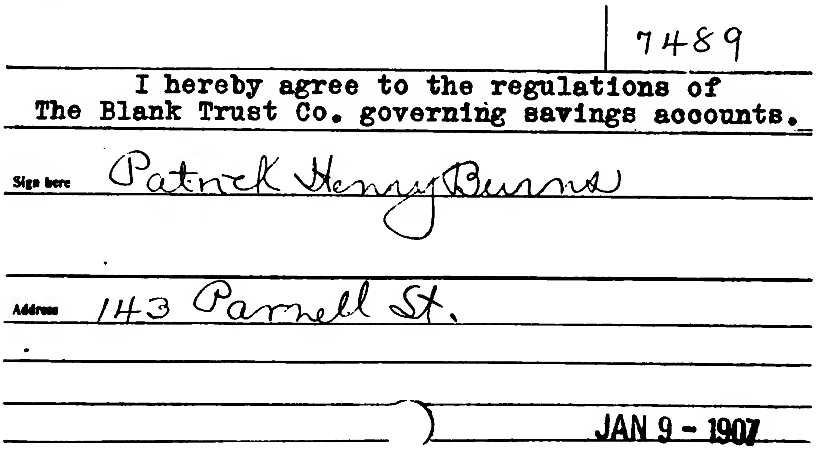
TRUST COMPANIES

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

FORMS AND RECORDS FOR THE SAVINGS DEPARTMENT.

THE savings department has come to be one of the most important departments of trust companies, particularly in communities where the savings banks have not had great development, and in many cases furnishes the largest part of the business. The records of this department are comparatively simple; and since the deposits are not as a rule active, a small clerical force can readily handle a large number of savings accounts.


7489

I hereby agree to the regulations of
The Blank Trust Co. governing savings accounts.

Sign here Patrick Henry Burns

Address 143 Parnell St.

JAN 9 - 1907

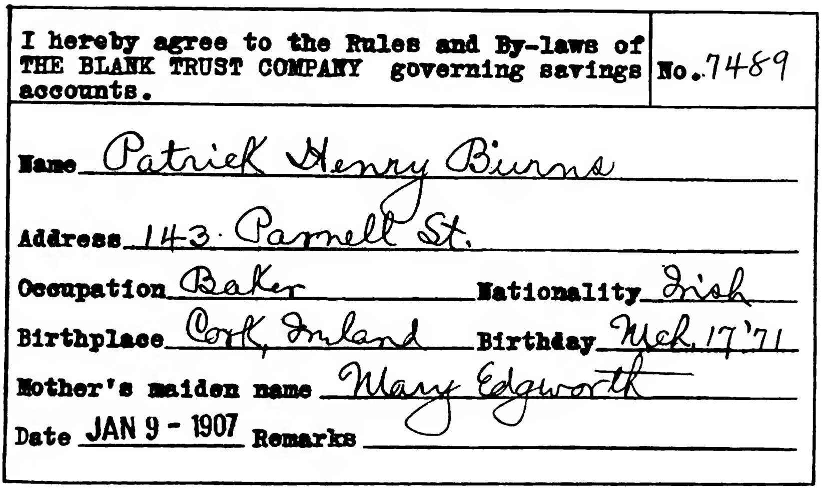
FIG. 230.—SIGNATURE CARD.

The forms and records used are practically the same as those employed by the regular savings banks. For a very full treatment of printed savings bank forms, based on samples furnished by savings banks from all over the country, the reader is referred to a compilation of savings bank forms issued in June, 1906, by the Savings Bank Section of The American Bankers' Association.

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

Opening an Account.

When a person wishes to open a savings account, assuming him to have been properly identified, the first thing necessary is to have him place his signature on the signature card as a means of identification in future transactions. Formerly signature books were used, and there are a few companies which still use them; but the advantages of cards for this purpose are so many that their use is becoming nearly universal. A few companies use both the book and the cards, keeping the former for permanent record, and using the cards for daily business. Figure 230 shows a simple form of signature card, whose size is 3x5 inches. A more elaborate form is shown in Figure 231. The amount of information called for on the card varies greatly, according to the policies



I hereby agree to the Rules and By-laws of THE BLANK TRUST COMPANY governing savings accounts. | No. 7489

Name Patrick Henry Burns

Address 143 Parnell St.

Occupation Baker Nationality Irish

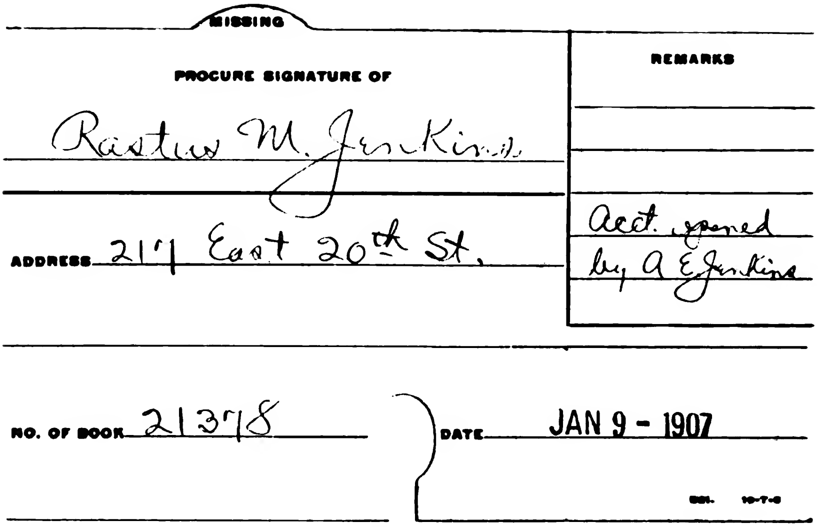
Birthplace Cork, Ireland Birthday Mch. 17 '71

Mother's maiden name Mary Edgworth

Date JAN 9 - 1907 Remarks

FIG. 231.—SIGNATURE CARD.

of the officers and local circumstances. Besides the signature, the items always included are the address, the number of the account and the date on which the account was opened. Among the other items of information often called for are the following: Both home and business address; occupation; employer's name; age, or date of birth; birthplace; married or unmarried; father's name or mother's name, or both, sometimes the whole name being asked for, and sometimes the first name only; husband's or wife's name; maiden name (if a married woman); native state; nationality; introduced by; source of account; remarks. A few companies require the signature to be witnessed. The majority of signature cards contain a simple agreement like that shown in Figure 230, but a few contain quite elaborate contracts to abide by the rules and regulations, etc., and a few provide no agreement whatever, assuming that the opening of the account and the leaving of the signature


MISSING

PROCURE SIGNATURE OF

Rastus M. Jenkins

ADDRESS 217 East 20th St.

REMARKS

Acct. opened by A. E. Jenkins

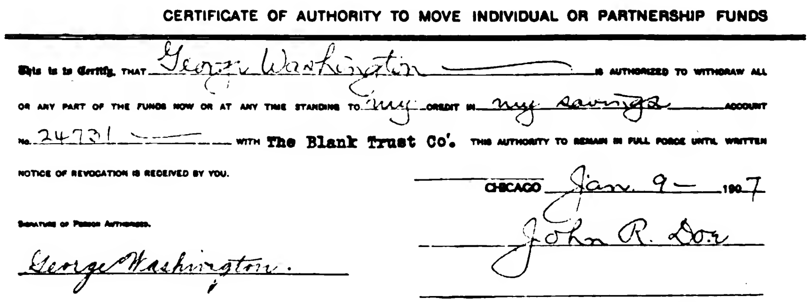
NO. OF BOOK 21378

DATE JAN 9 - 1907

FIG. 232.—DUMMY SIGNATURE CARD.

implies such agreement. As to the matter of what is needed on the card in the way of information for future identification, it is evident that there is considerable difference of opinion. If the account is an active one, there can be little question about identification. If, however, the account once opened remains dormant for a period of, say, ten years, the signature alone will hardly be a satisfactory means of identification, inasmuch as a person's signature is apt to change materially within a few years. In such cases it is undoubtedly of advantage for the company to be in possession of information of a private character concerning which an outsider is not apt to be posted. In taking the signature of a woman, the teller should always learn whether the title is Miss or Mrs., and note the fact on the card, if the signature itself does not show it.

The signature cards are filed in the drawers of a cabinet which is placed where it will be easy of access by the tellers and the savings book-


CERTIFICATE OF AUTHORITY TO MOVE INDIVIDUAL OR PARTNERSHIP FUNDS

This is to Certify, THAT George Washington IS AUTHORIZED TO WITHDRAW ALL OR ANY PART OF THE FUNDS NOW OR AT ANY TIME STANDING TO my CREDIT IN my savings ACCOUNT No. 24731 WITH The Blank Trust Co. THIS AUTHORITY TO REMAIN IN FULL FORCE UNTIL WRITTEN NOTICE OF REVOCATION IS RECEIVED BY YOU.

CHICAGO Jan. 9 — 1907

SIGNATURE OF PERSON AUTHORIZED.

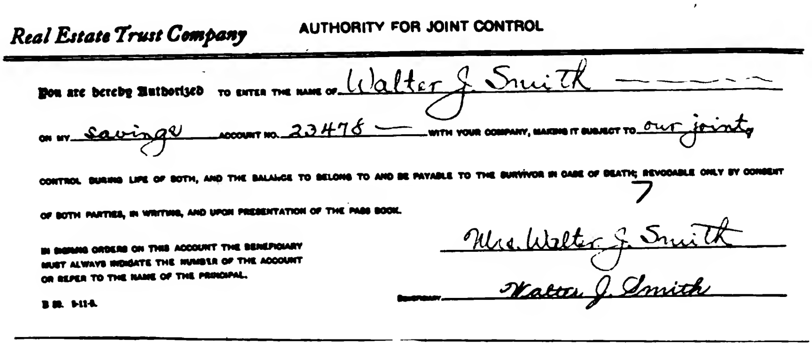
George Washington.

John R. Doe

FIG. 233.—CERTIFICATE OF AUTHORITY TO DRAW FUNDS.

keepers. They may be filed either numerically according to the numbers of the accounts, or alphabetically according to the names of the depositors. If filed alphabetically, they serve as an index to accounts (which otherwise must be provided in a separate book or set of cards), thus saving much time and work. If this plan is adopted, however, great care must be exercised to keep the list always complete, and to remove the cards of closed accounts promptly and place them in a separate file. It often happens that the required signature cannot be obtained at the time the account is opened, and it is therefore necessary, in order to keep the card list complete as an index, to have a temporary card to place in the files until the regular signature card is completed. Figure 232 shows such a "dummy signature card."

Savings accounts are often opened in the names of two persons, either of whom is to be permitted to withdraw the funds. In such cases, both signatures must of course appear on the signature card, together with the notation that either may draw. This notation is also placed on


Real Estate Trust Company AUTHORITY FOR JOINT CONTROL

You are hereby Authorized TO ENTER THE NAME OF Walter J. Smith
ON MY savings ACCOUNT NO. 23478 WITH YOUR COMPANY, MAKING IT SUBJECT TO our joint
CONTROL DURING LIFE OF BOTH, AND THE BALANCE TO BELONG TO AND BE PAYABLE TO THE SURVIVOR IN CASE OF DEATH; REVOCABLE ONLY BY CONSENT OF BOTH PARTIES, IN WRITING, AND UPON PRESENTATION OF THE PASS BOOK.

Mrs. Walter J. Smith

IN SIGNING ORDERS ON THIS ACCOUNT THE BENEFICIARY MUST ALWAYS INDICATE THE NUMBER OF THE ACCOUNT OR REFER TO THE NAME OF THE PRINCIPAL.

BENEFICIARY Walter J. Smith

B 50. 9-11-9.

FIG. 234.—AUTHORITY FOR JOINT CONTROL.

the ledger page and on the pass-book. Joint accounts are also opened with the agreement that in case of the death of either of the parties the account is to belong to the survivor.

For the signatures pertaining to such joint accounts, some companies use the ordinary signature card and make upon it the necessary notation, either with pen or with a rubber stamp, while others provide a special card. Some consider that a brief notation answers the purpose, forms used being these: "Subject to the order of either and the survivor; joint account; to be drawn by either or the survivor; either may draw; balance at death of either to belong to and be paid to the survivor." Others deem it better to have on the card a more formal contract, such as the following: "We, the undersigned, hereby declare that we are the joint owners, in joint tenancy, of the money that is now, or may hereafter be, deposited in the Blank Trust Company in our joint names, as signed hereto, and of any interest that may accrue or be credited thereto; and that either of us may draw and receipt for the whole or any part thereof, either before or after the death of the other; and that at the death of either of us the survivor shall be the absolute owner of the balance then due the account, as surviving joint tenant, and is hereby authorized to receive the same from said company on his individual check or order therefor." An interesting discussion of the company's liability in the case of such an account, written by Thomas B. Paton, and entitled "Legal Aspects of Payment to Survivor of Joint Account," is found in the proceedings of the Savings Bank Section of the American Bankers' Association for 1906.†

THIS BOOK MUST NOT BE ALLOWED TO RUN OVER TWO YEARS WITHOUT PRESENTATION FOR INTEREST ENTRIES.

No. 7445

THE WESTERN RESERVE TRUST CO.

IN ACCOUNT WITH

John Paul Jones

Subject to the Rules and Regulations of the Company.

Date 1906		Withdrawn	Deposited	Balance	Date 1907		Withdrawn	Deposited	Balance
Jan.	3		100	100 –	May	2		10	30 79
Feb.	1		10	110 –		15		275	305 79
Mch.	2		10	120 –	June	1		20	325 79
Apl.	2		10	130 –					
May	3		10	140 –					
	10	25		115 –					
June	1		10	125 –					
July 1st	'06	Interest	2 28	127 28					
July	3		10	137 28					
Aug.	1		10	147 28					
	17		125	272 28					
Sept.	1		10	282 28					
	28	5		277 28					
Oct.	9	20		257 28					
	24	15		242 28					
Dec.	3		10	252 28					
	26		50	302 28					
Jan. 1st	'07	Interest	3 51	305 79					
Jan.	2		5	310 79					
Feb.	1		10	320 79					
	20	300		20 79					

FIG. 235.—SAVINGS PASS BOOK.

When an account is opened in the name of a society or corporation, the signature card must contain the signatures of the officer or officers authorized to draw; and it is necessary also to have a certificate that such officers have been given such authority in due form. The custom with some companies is to take the signatures on a blank signature card which is placed in the regular files, and to have the certificate on a separate form, one of which reads as follows:

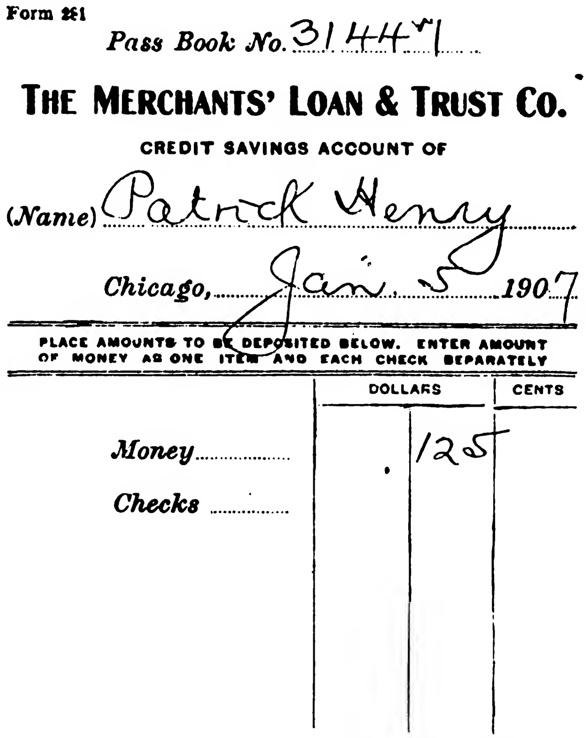
†This article is printed in The Bankers Magazine for November, 1906, p. 774.

"This is to certify that at a .... meeting of .... of the ....of .... held ...... 190 ...., Mr. ...., whose signature appears below, was duly elected .... of said company, and as such is hereby authorized to draw funds from and to give instructions concerning the account of said company with The Blank Trust Company. This authority to remain in full force until revoked by action of the .... of said company, and written notice thereof given.

....

Signature of ....

This certificate must be made by an official other than the person authorized to withdraw funds."



Form 281

Pass Book No. 31447 1

THE MERCHANTS' LOAN & TRUST CO.

CREDIT SAVINGS ACCOUNT OF

(Name) Patrick Henry

Chicago, Jan 5 *190*7

PLACE AMOUNTS TO BE DEPOSITED BELOW. ENTER AMOUNT OF MONEY AS ONE ITEM AND EACH CHECK SEPARATELY

	DOLLARS	CENTS
Money	125	
Checks		

FIG. 236.—DEPOSIT SLIP FOR SAVINGS ACCOUNT.

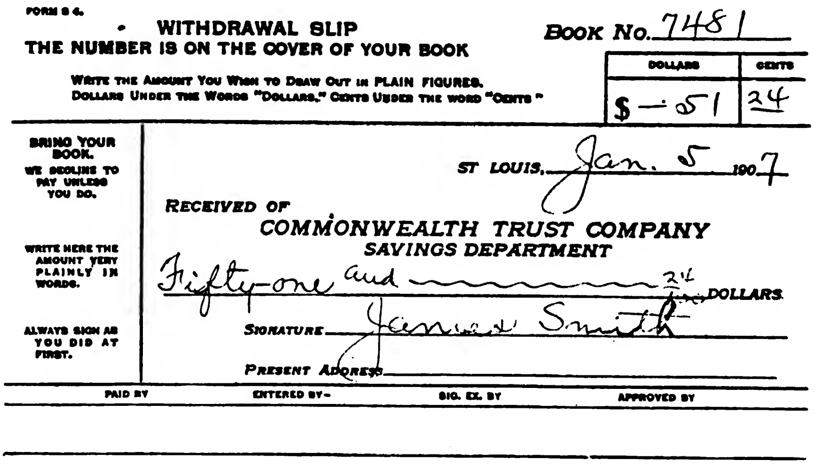
Some companies use a special signature card for these accounts, the signatures usually appearing on the face, and the certificate on the back of the card.

After an account has been opened, it sometimes happens that the owner wishes to give to another person authority to withdraw funds from his account for a time, or perhaps to become permanently a joint owner of the account. In the former case, an order like that shown in Figure

233 answers the purpose well. If the account is to be permanently changed to a joint account, many companies prefer to close the old account and open a new one, in regular form; but some provide forms to be signed by the owner of the account authorizing the change.

The Depositor's Pass-Book.

After having filled out the signature card and deposited his funds, the customer is given a pass-book, a common form of the inner pages of which is shown in Figure 234. Some pass-books have another column for the entry of interest; but the more common custom is to use the form shown in the figure, and either to enter the interest in red ink or use a rubber stamp for the interest entry, as shown in the figure. Where interest in credited semi-annually, as is the usual case, different colored


FORM S 4.

WITHDRAWAL SLIP

THE NUMBER IS ON THE COVER OF YOUR BOOK

BOOK NO. 7481

WRITE THE AMOUNT YOU WISH TO DRAW OUT IN PLAIN FIGURES.
DOLLARS UNDER THE WORDS "DOLLARS." CENTS UNDER THE WORD "CENTS"

DOLLARS	CENTS
$—51	24

BRING YOUR BOOK. WE DECLINE TO PAY UNLESS YOU DO.

ST LOUIS, Jan. 5 1907

RECEIVED OF

COMMONWEALTH TRUST COMPANY
SAVINGS DEPARTMENT

WRITE HERE THE AMOUNT VERY PLAINLY IN WORDS.

Fifty-one and 24/100 DOLLARS.

ALWAYS SIGN AS YOU DID AT FIRST.

SIGNATURE James Smith

PRESENT ADDRESS

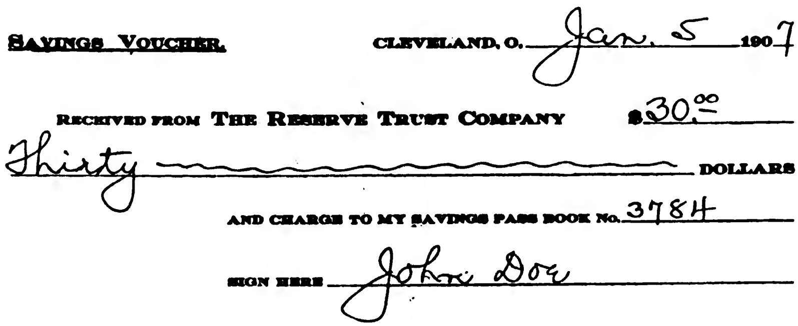
PAID BY — ENTERED BY — SIG. EX. BY — APPROVED BY

FIG. 237.—SAVINGS WITHDRAWAL SLIP.

inks are used in stamping the two interest entries for each year; as for example, red ink for the January interest and blue ink for the July interest. Some companies pay interest in April and October. The inner pages of the pass-book are usually cut off along the line above the words "Date," "Withdrawn," etc. in Figure 234, so that the headings of the first and last account pages may be seen, at whatever page the book is opened. The rules and regulations of the company are usually printed on the first or last page or the cover, together with such advertising matter as is deemed best. The depositor's name is often entered on the front cover as well as on the inside of the book; but customers often dislike this, and some companies therefore omit entering the name on the cover.

Usage differs in the matter of requiring savings depositors to fill out deposit slips with their deposits. In some cities all trust companies require such deposit slips, one form of which is shown in Figure 235. Other forms are like the ordinary commercial deposit slip, with the addition of the number of the pass-book. In other places the use of deposit slips is entirely done away with, the depositor simply handing his deposit to the teller, who enters it on his deposit journal and on the pass-book.

There is also a difference of usage as to withdrawals from savings accounts, a few companies requiring from the depositor no receipt other than the entry in his pass-book. The usual custom, however, is to require the signing of a savings withdrawal slip or receipt, two forms of which are shown in Figures 236 and 237. Under either plan the pass-book must always be presented when the withdrawal is made. Special forms are often provided for cases in which the withdrawal is for the full amount of the account, these forms differing from those shown chiefly in the addition of some such words as "in full of account" or "being the full amount of deposits and interest on my account."


SAVINGS VOUCHER. CLEVELAND, O. Jan. 5 1907

RECEIVED FROM THE RESERVE TRUST COMPANY $30.00

Thirty DOLLARS

AND CHARGE TO MY SAVINGS PASS BOOK No. 3784

SIGN HERE John Doe

FIG. 238.—SAVINGS WITHDRAWAL SLIP.

Savings depositors frequently wish to issue orders or checks against their accounts, and this is usually permitted, although care must be exercised lest the account be used as a regular checking account. The forms used for this purpose are much like an ordinary check, with the addition of the pass-book number and a notation that the "pass-book must accompany this order, unless left at the bank." Figure 238 shows such an order. Some companies provide a special form of order where the withdrawal is for the full amount of the account. It is often required that such orders be witnessed.

The rules of many companies provide that withdrawals from savings accounts may not be made except after written notice, which must be given a certain time in advance. This time varies from ten to ninety days and frequently varies with the amount to be drawn. The notices are filed according to their maturities, and the withdrawal must be made within a certain period (usually ten days or thirty days) after such maturity, or a new notice is required. Figures 240 and 241 show forms used in this connection.

(To be continued.)

WOMAN'S DEPARTMENT OF THE PORTLAND TRUST COMPANY OF OREGON.

A LITTLE over one year ago the Portland Trust Company of Oregon, at Portland, Oregon (known all over this country as the "oldest trust company in Oregon"), established a woman's department, in charge of Harriet E. Moorehouse. Experience has shown in this case that such a department supplies a long-felt want. The average woman, even though she be more or less familiar with other lines of business, is timid when it comes to banking. She feels she is ignorant on this

HARRIET E. MOOREHOUSE
Manager Woman's Department, Portland Trust Co.

subject, and dislikes to stand in line and ask questions of the busy man at the window who is obliged to be brief. He explains to her in business terms that she is not familiar with; she becomes confused, and very often turns away knowing little more than before. A bright cheery corner, well equipped with comfortable chairs, desks and writing material, daily papers and a public 'phone, with a woman to greet her pleasantly, one who can advise and look after her wants in every particular, will make the woman depositor feel at ease. If the right woman is in charge of the department she will gain her confidence, and thus make a friend for the trust company, who will in turn speak to her friends, and the company will thus gain a continuously widening circle of customers.

NEW YORK TRUST COMPANIES.

THE annual report of the Superintendent of the Banking Department of the State of New York contains the following in relation to the trust companies of the state:

Eighty-five trust companies reported upon the call of the Superintendent of Banks as of August 6th, 1906, as against eighty on September 5th, 1905. In each year an additional trust company was authorized between the dates of the reports and September 30th, so that the net increase in the number of this class of institutions for the year was five. The Holland Trust Company in New York, which had long been liquidating its affairs, and had done no new business in years, has been placed in the hands of receivers, with the assent of its management, and is continuing the process. The Real Estate Trust Company changed its name to the Fulton Trust Company. The only other changes in the list during the year were the addition of five new institutions, as follows:

NAME.	Location.	Date.	Capital.
Columbia Trust Company	New York	Dec. 1, 1906	$1,000,000
Security Trust Company	Schenectady	Dec. 26, 1905	150,000
Rockland County Trust Company	Nyack	Jan. 15, 1906	100,000
Citizens' Trust Company	Fredonia	Feb. 28, 1906	100,000
Hudson Trust Company	New York	July 25, 1906	1,000,000

The Columbia Trust Company was chartered in 1871, by a special legislative act, as the Mutual Benefit Life Policy, Loan and Trust Company, with subsequent changes of its corporate title to the Commercial Trust Company, and then to the New York and London Trust Company. It had been in a dormant state for many years, and in 1904 an act was passed by the Legislature to cure any question of the possible forfeiture of its charter, and expressly to require that when it should be opened for business it be under the supervision of the Superintendent of Banks. It began active operations in December, 1905.

The Security Trust Company of Schenectady proceeded at once after its authorization to change its name to the Citizens' Trust Company, but owing to delays in fitting up its offices it did not open its doors until September 24th, 1906.

The Citizens' Trust Company of Fredonia was organized by the same interests which owned the Citizens' State Bank of Fredonia, which went into voluntary liquidation when the trust company was authorized.

The Hudson Trust Company of New York represents practically the same capital as that of the United National Bank, now in liquidation.

The Knickerbocker Trust Company of New York increased its capital during the year from $1,000,000 to $1,200,000; the Franklin Trust

Company of Brooklyn from $1,000,000 to $1,500,000; the Albany Trust Company from $300,000 to $400,000, and the Lincoln Trust Company of New York from $500,000 to $1,000,000. The only decrease in capital for the year was in the case of the Bowling Green Trust Company, which reduced from $2,500,000 to $1,000,000.

Since the beginning of the current fiscal year, the Commercial Trust Company of New York, with a capital of $500,000, and the New Netherlands Trust Company, with a capital of $1,000,000, have been authorized. The latter does not expect to open for business until February, next. The Carnegie Trust Company, which was chartered in 1898 by special act of the Legislature as the Security Assurance Company, opened for business in New York city in December. It has a capital of one million dollars, and a paid-in surplus of half as much. In December the Chautauqua County Trust Company, at Jamestown, without advance consultation with this department, and without even notification to it, was converted under the National Banking Act into the Chautauqua County National Bank. Such a procedure by a trust company in this state was altogether unprecedented, and the question of its legality was referred to the Attorney-General. There was no question as to the integrity of the institution, but only as to the lawfulness of its conversion. The Attorney-General holds that the transaction was legal in this case, where the company had confined its operations to those of a distinctively commercial character, and held no trusts of any sort, though he is of the opinion also that a trust company organized under the Banking Law of the State of New York which had exercised its powers as such by accepting and executing trusts, and which was still acting as trustee, would not be authorized to change to a national bank, and that any attempt on the part of such a trust company to so change should be promptly enjoined by the Banking Department from such action.

The whole number of trust companies in existence in the state at this date is eighty-eight.

Notice of intention to organize two trust companies, one in the city of New York and one in Lockport, were recently filed in this Department.

Comparison with certain of the items appearing in the reports as of August 6th, 1906, with the same items in the reports as of September 5th, 1905, is here given:

	1906.	1905.
Number of companies reporting	85	80
Capital	$64,800,000	$63,350,000
Surplus and undivided profits on book value of stocks and bonds	168,420,043	155,055,465
Surplus and undivided profits on market value of stocks and bonds	171,580,836	162,081,840
Cash on deposit	127,030,588	159,549,895
Cash on hand	45,568,984	28,816,974
Total resources	1,406,244,458	1,500,147,309

The ratio of surplus on book values to capital, which was as 244.7 to 100 in 1905, is seen to have increased to 259.9 to 100 in 1906, while on market values it is 264.7 to 100, as against 255.8 to 100 in 1905.

NEW YORK AND BROOKLYN TRUST COMPANIES.

BY HERBERT P. WENIG,

AUDITOR, WINDSOR TRUST COMPANY, NEW YORK CITY.

AN interesting table is presented herewith showing the deposits of the New York and Brooklyn trust companies for a series of years, and comparing their relative positions.

The following recapitulation gives in a condensed form the changes that have taken place in the total deposits of the companies for the years named.

Recapitulation of Table showing deposits of New York and Brooklyn Trust Companies for the years 1902, 1903, 1904, 1905 and 1906, with increase or decrease for the respective years, excluding secretary's, treasurer's and certified checks.

	DEPOSITS.	INCREASE OR DECREASE.
1902	$744,041,000	
1903	713,913,000	*$30,128,000
1904	1,016,465,000	302,552,000
1905	926,977,000	* 89,488,000
Nov. 14, 1906	959,556,500	32,579,500 increase over 1905.
Dec. 31, 1906	947,198,500	20,221,500 increase over 1905.

* Decrease.

Net increase 1902—Nov. 14, 1906 .... $215,515,500
Net increase 1902—Dec. 31, 1906 203,157,500

A net gain of over $200,000,000 in four years indicates that the trust companies of the city are still growing at a satisfactory rate.

It was not to be expected, of course, that the enormous gains of a few years ago could be steadily maintained, and perhaps this was not desirable. The increase in deposits of late years has represented merely a healthy progress. For a time it was thought that the craze for organizing new companies had subsided, but only lately three—the Carnegie, Hudson and Commercial have begun business, and others—New Netherlands, Pan-American, International, Interboro, Irving, Atlas, and a company projected by the Heinze copper interests—are now in process of organization.

In the past year the companies under consideration have made a gain of $20,000,000 in their deposits, compared with a loss of $89,000,000 for the preceding year. What is of more importance than these fluctuations, which to a greater or less extent are caused by circumstances affecting all banking institutions substantially alike, is the fact that the general deposits of the trust companies of the city are almost as large as those of the great clearing-house banks.

A fair comparison can be made with the following figures as called for by the Banking Department, as of Nov. 12, 1906, for the national banks and as of Nov. 14, 1906, for the state banks and trust companies, which include cashier's, secretary's, treasurer's and certified checks.

Comparison of Clearing-House Banks and Trust Companies.

	Due Trust Companies and Banks.	Due General Depositors.
National banks (as of Nov. 12, 1906)	$496,215,400	$643,921,500
State banks (as of Nov. 14, 1906)	49,036,400	229,195,000
Total	$545,251,800	$873,116,500
(Certified checks, about $150,000,000.)		
Trust Companies (as of Nov. 14, 1906)	$103,425,200	$870,497,400
(Certified checks, under $10,000,000.)		
Excess of banks over trust companies	$441,826,600	$2,619,100

These figures show that the clearing-house banks under the amount "due general depositors" have a slight advantage over the trust companies, but against this is to be reckoned the large amount they show as due banks and trust companies. Yet another item to be taken into account is $150,000,000, approximately, shown by them as outstanding certified checks. That the clearing-house banks are the custodians of a considerable part of the banking reserves of the entire country accounts for the large deposits due to banks and trust companies. Another fact to be considered in this comparison is that there are fifty-four clearing-house banks (thirty-five national and nineteen state), as against forty-nine trust companies. In the last five years, ending with 1906, there have been seventeen new trust companies formed, eleven have been absorbed or merged and six have had their titles changed.

The growth of the trust companies does not seem to have been at the expense of the national or state banks, as these institutions are nearly all enjoying unequalled prosperity.

The trust company owes its success to the fact that there was a need for such an institution in the country's financial economy, and to the further fact that this need seems to have been well supplied.

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PRACTICAL BANKING

INCREASING A BANK'S BUSINESS.

BY J. H. GRIFFITH,

THE one great problem with progressive bankers everywhere is how to increase profitable business. It is becoming more and more difficult to keep the expenses of banking down, while the deposits and balances increase. It is, of course, conceded that the business of a bank may be increased almost indefinitely, especially in large cities, by paying a high rate of interest on "*daily*" balances—meaning uncollected out-of-town items mostly—or by calling at a firm's place of business for deposits, delivering pay rolls and the like, or extending an unsafe line of credit at ridiculously low rates; but to increase profitable banking business is no easy matter.

Two so-called progressive methods of banking in our large cities have done much harm, and some of the banks and trust companies which have been conspicuous in adopting these methods may yet find that they have sown a wind to reap a whirlwind. One method is the swelling of deposits at any cost to influence the value of the stock of a bank or trust company. No matter what the character of the account, the proportion of out-of-town checks or clerical work required to handle it, if there was only a good balance in sight it was welcomed. In fact, it has been the boast of some large bank promoters in New York that they could carry a million or more deposits to any bank which they might underwrite or purchase. The one great object is to get a big amount of deposits for the sake of booming the stock and giving the promoters a chance to sell out at a profit. The business of such a bank is rarely satisfactory to any one but the stockholders who are anxious to unload, and sometimes even they do not get out in time.

Another equally reprehensible method is the getting of a line of deposits by all sorts of promises, such as free collections, high rate of interest and almost unlimited discounts, the undesirable customers being weeded out as business increases. It is an exceedingly difficult matter to change the status of an account after it has been running for a time, and keep the customer. Many banks officers are continually trying to increase the balances of customers on the plea that out-of-town checks are slow of collection or that a good line of discount is only justified by large bank balances. In these days of sharp banking competition there is, however, always a breaking point, as many a bank official has found to his sorrow. In large cities, when a merchant feels that his bank is "stiffening" up too much, he usually leaves it and goes elsewhere. It is better never to take an account than to take it with the foreknowledge that it will not be handled continuously on the same basis as it is opened.

If then satisfactory business cannot be obtained by underbidding competitors, how can it be obtained? There are in Manhattan perhaps a dozen banks whose deposits have increased but slightly in ten years, while neighboring banks, without illegitimate competition, have quadrupled their deposits in the same time. Why this difference? The answer may be summed up in the one word *"publicity."* The publicity may be obtained by advertising, properly so-called, or by personal solicitation or a combination of the two. As in all mercantile lines, the best form of publicity for banks comes from personal solicitation. In banking lines this assumes a great variety of forms. The treatment a customer receives at a bank is, of course, important. It has been said that the best advertisement is a pleased customer—and this is in a measure true of banking; but it is usually much more difficult to get a customer than it is to keep him. The publicity which results in business through solicitation is necessarily among people who rarely, if ever, go inside the bank. It is probable that the best form of solicitation is that of the executive officers of the bank through clubs, churches and in some cases through side business affiliations. A successful bank is usually one with tactful and popular officers, and they are the best solicitors. It is, however, impractical for the executive officers of a bank to do very much of this work, except in the line of duty during banking hours or socially afterward. During the last few years the custom has become general for banks to have special solicitors to get business. Many of the so-called prosperous banks owe much of their increased business to the work of skillful representatives who have made a special study of the art of getting new bank business.

There is still a lingering feeling that it is somewhat undignified for a bank or trust company to solicit business direct. The work, therefore, must be done with the utmost skill and delicacy. Good business men do not change their banks or open new accounts as they buy books or patent coin-trays. A successful book agent would probably make a very poor bank solicitor, and this probably explains the failure of so many would-be "deposit boomers."

In the first place, a bank solicitor must be a good business man—thoroughly conversant both with banking and merchandising. The more authority he has from the bank the more successful he is likely to be. An honorary title, such as third vice-president or assistant cashier, is a great help to a solicitor. Being familiar with banking and mercantile methods, the next thing is to have a proposition which appeals to a business man. This, unfortunately, too often takes the form of free collections, interest on daily balances, or enlarged lines of discount, either of which may be but a temporary expedient to catch new business.

Aside from such propositions, however, there are always business houses who can improve their financial condition by either changing their bank or their methods. A good solicitor will advise with such firms and show them how the institution he represents can help them. It is a common thing to find firms who have really been imposed upon by their bank. They have paid six per cent. for loans when money was only worth five. Their line of credit has been curtailed unnecessarily, and when they have left a large balance in their bank for a considerable time, they have received no interest for it.

Many of the older bank officers never voluntarily help a business house to improve its financial condition unless they are forced into it through fear of losing the account. This is where the successful solicitor gets in his fine work. In many cases it is "a word and a blow and the blow comes first." The solicitor gets the account before the conservative bank official has an opportunity to revise his terms with the customer. It is a peculiar fact that nearly all business men like to discuss their bank account and banking relations. As a rule they will give a solicitor every opportunity to show where they can save even a small percentage on their balances, but at the same time he must be fully conversant with the whole situation. For example: the representative of one of the largest clearing-house banks in Manhattan was highly elated when the head of a large dry-goods house offered him their account, the only condition being the free collection of out-of-town checks. It is needless to say that his feeling changed when he interviewed the cashier of his bank. A live, industrious, intelligent and honest solicitor can add very largely to the business of any reputable bank or trust company, and provided their work is done properly, it is just as legitimate and dignified as that of selling any sort of merchandise. The one condition of success is an honest desire to develop the business and improve the relations between the business man and the financial institution which serves him. Given a reasonable proposition, a good solicitor should add very largely to the business of a bank without any impertinent solicitation, sacrifice of dignity or illegitimate competitive methods.

SECURING THE CO-OPERATION OF BOARDS OF DIRECTORS.

THE advantages of a strong, active board of directors to a banking institution that aspires to achieve more than ordinary success, are too apparent to admit of discussion. Many banks and trust companies have directors whose names are synonyms of integrity, financial strength and high standing in their community, but how to make these directors a working power in increasing the business of the bank is sometimes a problem.

The consolidation of two trust companies recently in an eastern city brought to the presidency a young man of ability, personality and enterprise, who immediately took up the work of building up his company.

His board consisted of twenty-five men of high standing, including merchants, lawyers, bankers and business men. He began by charging off all items of furniture and fixtures, and every piece of paper of questionable value. Then he had a thorough audit made with a complete statement of every loan in the bank, showing the absolute condition of his company on that date. This statement he placed before his board with the request that each member acquaint himself with the true condition of the institution in whose direction he was taking part.

Having secured the full confidence of his board, with provision for its continuance by a similar semi-annual audit on a date fixed by a committee and unknown to the president, he one by one enlisted the services of the directors in securing new accounts until all were enthusiastic and working heartily in the interests of the company. This esprit de corps has been further strengthened by various acts of courtesy, a readiness to discuss matters at length and a willingness and indeed insistence on the directors knowing everything going on.

Results—almost a record in the community in securing new accounts, stock rapidly increasing in value and an all-round strengthening of relations which augurs well for the future of this company.

WEALTH A CREATION.

SPEAKING at the People's Forum at New Rochelle, N. Y., on January 20, President Schurman of Cornell University said that the subject of huge fortunes so completely obliterated all others that many thoughtless and ignorant persons assumed that impoverishment of the many had resulted from the enrichment of the few. All this vague thought and sentiment rested on the tacit assumption that wealth like dirt, was lying around and needed only to be picked up and that one man had as good a right to pick it up as another.

"The fact is," said President Schurman, "that wealth is a creation. The colossal fortunes of the millionaires and billionaires, excepting, of course, those that have been dishonestly acquired, are positively contributions to the sum total of human wealth. These fortunes have been created from possibilities of nature and human society divined by the genius and organizing ability of great captains of industry. The rest of us should not be the richer, but poorer, had these men of economic genius not created their vast fortunes."

MONEY MAY BE BEAUTIFUL.

LET us no longer cheat our consciences by talking of filthy lucre. Money may always be a beautiful thing. It is we who make it grimy.—"A Window in Thrums" (J. M. Barrie).

BANK AUDITS.

ARE THEY BENEFICIAL, OR OF ANY PRACTICAL VALUE TO A BANK?

BY CHARLES W. REIHL

TO answer this question with a negative or an affirmative would be easy, and to many satisfactory; but to others it is still a point in question and they have not fully made up their minds which way it should be answered. For the benefit of all let us consider the question in its proper light, and thus see what advantages or disadvantages, what benefits or injuries, if any, come to the bank or trust company that passes under the searchlight of an audit.

THOROUGH EXAMINATIONS WELCOMED BY BANKERS.

It will be admitted by observing business men, whether in commercial or banking lines, that it is a strong and commendable feature of the up-to-date banker's method of work that they believe in open and free publicity of their bank's dealings. This is manifested not only by the statements and advertisements they prepare for the public, but by the fact that they have disinterested competent auditors come in and thoroughly examine the bank, its assets, its liabilities and its methods—and sometimes its men—and have them make their report to the directors and through the directors to the public.

Every thoroughly honest banker and bank clerk welcomes a careful examination of his work by one who has the necessary authority and is fully qualified to make the examination. They welcome it because they know their work is right and that they are honest, and because such an examination will reveal these things to others.

It is not many years since bankers, as a class, were filled with the idea that they were in a business or profession that placed them above suspicion and above being questioned, and that from their exalted position they could look down with a cold and icy stare upon any who did not agree with them, or upon those who did not show the reverence and fear they were expected to show. The idea was a false one, and, like other false things, is passing away. May it pass more rapidly!

THE BANKER A PUBLIC SERVANT.

The truth of the matter is that the banker is really more of a public servant than the retail merchant or the common carrier; he is trusted by the public more than the members of any other class of men, not excepting pastors and doctors, and because of that trust he should so conduct his bank that no suspicion can possibly be attached to his dealings.

The knowledge of this real obligation to the public has been growing and has been taking root in the minds of bankers, and in a number of cases has brought forth fruit. Inquiries are being made concerning competent parties to make the audits; auditors have been consulted; the matter is being considered by directors in many banks and trust companies —these things prove that there is life in the root, and as life must manifest itself, it is only a question of time when we will see an abundance of fruit of this kind. While the growth is slow in some cases, in others it has reached maturity and the audit has been made and the result so satisfactory that directors have decided to have audits made at certain periods—at least once a year.

These statements are known to be facts by many bank men, and those who know them would answer the question at the top of the article with an emphasized affirmation.

Auditors as Permanent Officials of Banks.

In some banks auditors are employed as permanent officials. It is their duty to be the watch-dog, as it has been expressed, of the bank, to see that the work is done properly, that the clerks are attentive, that the statements made are absolutely correct—in short, to do for the officers and directors what they themselves have not the time to do. The banks that have their permanent auditors show that they recognize their duty to the public, to the depositors, to the stockholders and to the employees; for although last to be mentioned, the duty to the employees is not by any means the least. It is the duty of the board of directors to throw every possible safeguard around their employees, from the president to the messenger boy and janitor, so that the temptation to which every man is liable will not come with its powerful suggestion that detection is improbable.

While the permanent auditor is a good safeguard, it can not be said that he absolutely prevents wrong-doing. His continual presence in the bank is likely to breed a familiarity that the designing employee takes advantage of and soon learns how to do wrong and cover it in such a way that the auditor is not likely to discover it. I would not, under any circumstances, cast reflection on the permanent auditors and their work; for many of them have done the banks excellent service. But it is believed that their work should be supplemented by independent audits, conducted by competent auditors who are thoroughly familiar with all departments of bank work and who know whether such work is being done properly or not.

Bank Auditors Should Have a Practical Knowledge of Banking.

The auditors who know figures and "figuring," commercial bookkeeping, debits and credits, but are not acquainted with the principles and methods of banking, are not the ones to make the bank audit. They could do good work but not the best work, because, as some bankers have learned by experience, they have to ask too many questions concern ing the workings and machinery of the bank. The prospect of the coming of able auditors at an unannounced and unexpected time tends to act as a strong deterrent to all employees who may be tempted to do wrong and feel inclined to yield to the temptation; but if they find that the auditors are not acquainted with banking methods and depend on the clerks to instruct them in the mysteries, tempted clerks may be encouraged to wrong-doing after the auditors leave, thinking they can cover it the next time by plausible explanations.

Examinations Under State and National Authority.

The examinations made by national and state examiners are good in their way and as far as they go, but they do not go far enough—they are, at their best, not much more than superficial. Those who have served at the desks in banks know that the experienced clerks often comment on and laugh at such examinations. But in justice to these examiners, many of whom are capable bank men, it should be said that they are not to be blamed for the deficiency in the examinations, for the conditions under which their work is performed do not permit of thorough examinations being made. Many of these men prefer to do more thorough work, and as the matter has been and is now being agitated they may before long have the privilege of making more complete examinations. Even though these examinations may be improved, it should always be remembered that they are for the satisfaction of the national or state governments and not for the information of the directors or the enlightenment of the public.

Directors' Examinations.

The directors of each bank are supposed to examine the bank at least once a year, and in some banks they do go through the form; but it is always an examination more in form than in fact. It is impossible thoroughly to examine a bank of any size in a day; and as the directors usually complete their examination in a few hours, it must be admitted that the examination is not thorough.

The tellers' departments can be examined in a short time—it depends on the amount of cash carried. The loans, discounts and collaterals may be gone over and the amounts proved in a few hours. Trial balances may be taken off the ledgers without much time being spent on the work. An audit that includes only these points will not require very many hours, but they are simply the first steps in the proper audit.

Comptroller Ridgley knows, probably better than any other man, that the examinations made by directors in person are not so thorough as they should be. Knowing that the directors make examinations he said, quite recently: "The directors may be entirely ignorant of what is being done, but it is their fault, if they allow themselves to be kept in ignorance. . . . It is becoming more and more common to find directors making or causing to be made thorough examinations and audits of the bank. . . . The main thing for the directors is to require complete reports from all officers and have them verified by directors who are not officers, and to make frequent and complete examinations. These should be made by the directors independently of the officers, and when possible, competent outside accountants should be employed to do the work thoroughly."

It is very seldom that the directors are able to make an examination independently of the officers, either because they do not have the time to give to it or because they are not well enough acquainted with the details of the clerical part of bank work to understand what course to take to follow up the many points that arise. The thing for them to do under such circumstances is to employ competent accountants to make the examination for them.

What a Thorough Audit Should Cover.

The examination made by accountants must be thorough in every particular, if it is to be of real value; and to be thorough it must include every department of the bank. This cannot be done in a day or two, and even if it could it would not be wise to do it so quickly, because in the haste some things would have to be taken for granted, while others would be slighted or overlooked entirely.

A thorough audit includes not only one day's work but the work covering a period leading up to that day; for things may be covered or concealed by the work of previous days that can not be uncovered unless the examination includes the work of that period. The work of every desk in the bank should be gone over—even the department that handles the time collections. But very few banks are willing to pay for so thorough an audit, and so they usually stipulate with the auditors just what they want done, and beyond that point the auditors cannot go unless they discover something in the course of their work that makes it seem necessary to extend their operations to other departments.

Bankers seldom think it necessary to audit the collection department, and the department is not often conducted in such a way that an audit can be carefully made without considerable time being spent on it. A case is known where the collection department in a certain bank has not been examined and proved for more than fifteen years, although the officers know that a man who was formerly in charge of that department took notes out of the files and sold them to note brokers to raise money for his own use. The bank would have lost considerable by his wrong-doing if his sureties had not made the amount good.

Verifying the Bank's Assets.

In addition to a thorough examination of the various departments special attention must be given to the assets to see that they are all they are claimed to be; that the stocks, bonds and notes as carried on the books are in possession of the bank and that they represent the amount for which they are carried; that the stocks and bonds are properly executed and marketable; that the commercial paper is in proper form, and when possible, that it is genuine—but this latter point is a hard matter to decide and there is great need for a plan to be adopted by which bankers might know when they buy a note in the market that the signature is genuine. Here is an opportunity for responsible trust companies to take up this work of certifying to the genuineness of signatures on notes offered through note brokers. Bankers recognize the need for such certification but have not made their demands of the note brokers, or if they have they were not backed by force enough to bring about the desired results.

The auditors should examine carefully the past due paper carried by the bank. Some banks are said to carry as good paper much that is really no good. All assets of questionable value and those with no market value should be brought to light by an audit.

Collateral for loans should be examined, whether it is in the form of stocks, bonds, mortgages, notes, warehouse receipts, bills of lading or any other form of document that represents money value; for there is no kind of commercial or banking paper carrying a money value that has not at some time been either forged or in some way tampered with. To prove the genuineness of these papers would take considerable time, and as the auditor's time is valuable, the average bank directorate would not care to go to such expense, but a competent auditor should be able to suggest a way by which the officers of the bank could secure a certification of the genuineness of any form of collateral.

The individual and bank ledgers should be examined and proved, and all the balances either proved by the pass-books to the acknowledged satisfaction of the depositors, or the balances shown by the ledgers for the various accounts confirmed by the depositors as correct. This would take time and much work, but it is of inestimable value and no examination is complete without it.

If these things, with the many other matters that should be examined about the bank or trust company, are done by responsible, able and independent auditors who have no reason to make anything but a correct and honest audit, and then the result of their examination be made known to the public through the proper channel and in a proper manner, the advantage to the bank will be very great. It will inspire confidence in its management and that confidence will draw business, and that business will make the bank grow, so that its usefulness will be more and more felt and realized by the community.

No Excuse for Bank Failures.

There is no reason under the sun, to use King Solomon's expression, why a bank should fail, and none will fail if all are properly managed and controlled. The Comptroller says: "When a bank does fail, it is the fault of the board of directors." Not directly, but indirectly their fault, because they had not had proper examinations made, so that they could tell what was actually being done in the bank.

The custom of having bank audits is growing and the best institutions in banking and trust company lines are the leaders in the movements. The officers know their institutions are all right and they want to prove to the public that they are in a sound condition.

The time is coming when the banking public will demand that all banks wanting their accounts shall be audited once a year and the result of the audit made known, not in detail, but in a general comprehensive statement signed by known and responsible auditors.

A bank often gets full value for the cost of the audit through the suggestions made by the auditors for the proper keeping of records and books. In many banks the records are incomplete and the methods rather crude or unsuited to the needs of the bank. The experienced bank auditor sees this at once and is able to make recommendations for changes that will be beneficial and time-saving.

From every point of view the question at the head of this article must be answered in the affirmative—emphatically so.

AUSTRALIAN OFFICIAL SAVINGS BANK.

CONSUL F. W. GODING, of Newcastle, states that the report upon the working of the Government savings bank for the year ended June 30, 1906, by the comptroller of New South Wales makes the following showing:

The total amount of deposits made was $22,449,150; withdrawals, $19,248,400; the amount of interest added to depositors' accounts, $1,328,870; the amount standing at credit of depositors at the close of the year, $43,232,286; the average amount to credit of each depositor, $160. As compared with the year ended June 30, 1905, the deposits show an increase of $3,008,079; the withdrawals an increase of $908,877. The proportion of depositors to population is one to six. The sum to credit of depositors in the public school savings bank on June 30, 1906, exclusive of interest, amounted to $47,577. A bill is now before the state parliament providing for the amalgamation of the Government savings bank, the post-office savings bank, and the aid to settlers' fund, which, when in effect will greatly lessen the cost of management, with a corresponding increase in the percentage of interest paid to depositors.

STOCK TRANSFER TAX UPHELD.

ON January 7 the Supreme Court of the United States upheld the validity of the New York law taxing transfers of stock, sustaining the decision of the New York courts.

The report of the revenues of the State of New York for 1906 shows that from the stock tax alone the state received $6,631,903 out of a total revenue from all sources of $35,596,966. The great bulk of the stock tax was paid in New York city.

CANADIAN BANKING AND COMMERCE.

BY H. M. P. ECKARDT.

THE evidences that 1906 was prosperous for Canada are to be seen on every hand. The returns of the banks, statistics of the railroads, of the foreign trade, and what is known of mineral and farm production, all show that the Dominion enjoyed its full share of the prosperity current in North America. So far as banking was concerned the year saw some extraordinary developments, but before considering them the extent of the progress made will be set out. This can best be done, in the case of the chartered banks, by comparing their position on December 31, 1906, with the position at the end of 1905, and by making a comparison, so far as is possible, of the profits earned in the two years. The statement of position compares as follows:

CANADIAN BANKS :

	31st December 1906.	1905.
Liabilities—		
Note circulation	$78,416,780	$69,981,574
Dominion Government deposits	4,730,421	5,211,818
Provincial Government deposits	9,687,270	6,344,171
Public deposits payable on demand	192,143,482	155,346,759
Public deposits payable at notice	398,765,182	356,880,974
Deposits elsewhere than in Canada	64,191,182	44,063,572
Loans from other banks, Canada, secured	5,717,720	766,799
Deposits of other banks, Canada	6,395,645	5,678,809
Due to banks in Great Britain	8,207,158	4,098,095
Due to banks in foreign countries	1,716,823	1,569,828
Other liabilities	12,684,795	12,218,155
Total liabilities to the public	$782,656,528	$662,160,127
Capital paid up	95,509,015	85,294,210
Rest, or surplus	69,258,007	59,898,397
Balance undivided profits	6,768,996	8,180,568
	$954,192,546	$815,533,302
Assets—		
Specie	$23,752,750	$19,649,545
Legal-tender notes	44,266,154	38,055,620
Circulation redemption fund	4,327,669	3,435,334
Notes and checks other Canadian banks	38,937,901	28,345,495
Loans to other banks, Canada, secured	5,717,714	684,898
Deposits in other banks, Canada	9,832,685	8,591,796
Due by banks in Great Britain	7,844,990	8,308,239
Due by banks in foreign countries	15,512,627	14,344,574
Dominion and Provincial Government securities	9,536,448	9,182,353
Canadian Municipal, and British and foreign public securities	21,376,833	20,163,939
Railway and other bonds	41,455,319	39,649,068
Call loans, Canada	57,511,747	49,704,928
Call loans, elsewhere	58,958,156	61,010,020
Current loans, Canada	548,684,480	458,355,366
Current loans, elsewhere	36,474,231	30,882,959
Loans to Provincial governments	1,360,184	2,063,362
Overdue debts	3,048,289	1,665,732
Real estate other than premises	918,028	691,828
Mortgages on real estate	420,959	481,970
Bank premises	14,860,607	11,569,131
Other assets	9,394,586	8,696,970
Total assets	$954,192,546	$815,533,302

(Difference in addition due to omission of cents from figures reported by thirty-five banks in Government bank statement.)

Increase of the Paid-up Capital.

It was the steady increase in the demand for currency (in the shape of bank notes) and the insistent pressure from their customers for commercial accommodation that caused the banks to increase the amount of their paid-up capitals during the year by $10,000,000, or about twelve per cent. The stock was issued at a premium of, say, sixty per cent. The extent to which the issue of new stock augmented the loanable resources of the banks was as follows:

$10,000,000 new stock @ 160	$16,000,000
Increased rights of note issue thus secured ..	10,000,000
Total	$26,000,000

With regard to profits, it was to be expected that the increase of $140,000,000 in the assets would bear fruit, particularly as rates of interest at home in Canada and abroad were very satisfactory. The following table gives the profits and dividends of all the banks that have reported, up to the date of writing, for 1905 and 1906. All the chartered banks of Canada that have concluded a full year of existence are included except six, which are all small concerns, the aggregate assets of the whole six being $25,000,000. The year ends of the different banks fall on various dates—the earliest being January 31 and the latest December 31. The date of the fiscal year is given for each bank.

PROFITS AND DIVIDENDS.

		—Profits—		—Div. Paid—	
	Year ended	1906	1905	1906	1905
Bank of Montreal	31 Oct.	$1,797,976	$1,638,659	10%	10%
Canadian Bank of Commerce....	30 Nov.	1,741,126	1,376,167	8	7
Merchants' Bank of Canada.....	31 May	740,399	649,238	7	7
Bank of Nova Scotia	31 Dec.	653,516	478,507	11¼	10½
Royal Bank of Canada	31 Dec.	604,495	491,918	9¼	8¼
Bank of British North America..	30 June	588,032	464,106	6	6
Imperial Bank of Canada	30 Apr.	(a) 535,786	510,951	10	10
Bank of Toronto	30 Nov.	544,295	464,896	10	10
Dominion Bank	31 Dec.	539,360	490,495	12	10
Union Bank of Canada	31 May	452,930	382,173	7	7
Molson's Bank	30 Sept.	434,668	399,274	10	10
Bank of Ottawa	30 Nov.	425,239	360,187	10	9½
Traders' Bank of Canada	31 May	396,231	287,144	7	7
Bank of Hamilton	30 Nov.	371,251	357,273	10	10
Banque d'Hochelaga	30 Nov.	347,504	(b) 314,661	7¼	7
Quebec Bank	15 May	295,036	261,475	7	7
Eastern Townships Bank	15 Nov.	279,610	317,279	8	8
Banque Nationale	30 Apr.	195,753	140,684	6	6
Sovereign Bank of Canada	30 Apr.	187,467	133,975	6	5
Standard Bank of Canada	31 May	175,652	156,995	10½	10
Union Bank of Halifax	31 Jan.	168,151	148,308	7½	7
(c) Ontario Bank	31 May	156,916	152,583	6½	6
Metropolitan Bank	31 Dec.	140,579	120,085	8	8
Bank of New Brunswick	31 Dec.	116,479	94,812	12	12
Western Bank of Canada	15 Feb.	88,576	78,836	7½	7
Banque de St. Hyacinthe	30 Nov.	10,779	13,752	..	..
(d) Home Bank of Canada	31 May	25,171	....	6	..
(e) Merchants' Bank of P. E. I..	....	....	56,788	..	8
(f) People's Bank of Halifax.....	....	....	85,671	..	6
		$12,012,977	$10,426,892		

(a) Imperial Bank of Canada, 11 months.
(b) Profits for 18 months, $471,992. Two-thirds of that was taken to represent the year.
(c) Ontario Bank failed 12 October, 1906.
(d) New bank, 5 months' profits.
(e) Absorbed by Canadian Bank of Commerce.
(f) Absorbed by Bank of Montreal.

These figures show the generally increased earnings of the banks. They can hardly be taken as representing the relative earning capacity of the individual banks, because all the banks do not follow the same policy in valuing their assets and in making appropriations. As an illustration, the profits shown by the Bank of Montreal represent the results *after* appropriations for premises, etc.; while in the case of the Canadian Bank of Commerce, the profits shown represent the results *before* appropriations.

The figures in the balance sheet speak for themselves, but it might be as well to explain that the increase of $42,000,000 shown in public deposits payable after notice is essentially an increase of the people's savings. The increase of $37,000,000 in demand deposits is due, on the other hand, to the great industrial and trade activity, which causes business men, firms, and corporations to maintain with their bankers heavier balances than formerly.

History of the Banking Year.

Passing on to the history of the banking year, two events stand out prominently. The first was the entrance, indirectly, of a big European bank into the Canadian field. The Dresdner Bank, of Berlin, Germany, acquired practically a three-eighths interest in the Sovereign Bank of Canada, one of the new banks started four years ago, which has had quite phenomenal success owing to the vigorous advertising and novel methods of the management. Though it is but four years old, it already controls $29,000,000 of assets. Some financial writers in London, among them Mr. W. R. Lawson, seem disposed to attach more importance to this deal than is given it in Canada. Apparently Messrs. J. P. Morgan & Co. were influential in bringing it to pass. The big private banking-house is New York correspondent for both the Dresdner Bank and the Sovereign Bank, and Mr. Lawson professed to see in this, and in other information in his possession, that the idea was to create a large new three-cornered international exchange and financiering machine. The General Manager of the Sovereign Bank hastened to deny this, and there is every reason to believe, as he says, that the arrangement was prompted solely by the desire of the German bank to invest in a Canadian banking enterprise with the view of securing good returns on its capital. At the same time, there is no doubt that both banks will profit through the increased exchange facilities acquired. The transaction is unique in Canadian banking history.

The other event was the failure of the Ontario Bank. This came as a complete surprise to the public and to the banking community. It was not due to unsound conditions but to speculations carried on by the Ontario's General Manager in the New York stock market. The commercial business of the bank was sound; and the other banks made great efforts to get it. The only losers are the stockholders who will get probably $33 for their $100 shares which were quoted at $136 just before the failure. Depositors and noteholders are being paid in full. As a result of the affair, it is likely that some further restrictions or requirements will be put upon the banks when Parliament next renews the Bank Act, three years hence. Opinions differ as to the necessity for further outside interference. The Ontario Bank case is generally conceded to have been an exception. The other banks are regulated and managed on sound lines.

Organization of New Banks.

The year 1906 has been remarkable also for the formation and starting in business of several new banks and for the rapid extension of bank branches into small places. The last-named movement has been in progress for a number of years and some of the best banking authorities in the country give it as their opinion that the thing is over done. There can be no doubt whatever that with or without a falling off in general trade many of the new offices are likely to run at a loss for some time to come. Some are established in places with populations of not more than 100. During the year three new banks opened their doors; one bank, the Ontario, failed; and one was absorbed. The net result is that the number of institutions is increased by one. Arrangements have been made, however, by the Bank of Montreal for the absorption of the People's Bank of New Brunswick, and the deal will probably be consummated in two or three months.

The entry of the several new banks in the last three or four years has complicated the banking situation considerably. Doing their level best, all of them, to draw customers away from the established banks, they have intensified the competition, which was already keen enough before they came into the field.

Progress of Production and Trade.

It will be readily surmised, from the banking history and statistics just related, that the progress of the Dominion in regard to commerce and production was eminently satisfactory. The Ottawa Government does not collect and publish crop statistics such as Washington does. Some provinces issue bulletins, others do not. What figures are issued, in many cases, make their appearance long after the dates to which they appertain. It is thus almost impossible to set out the figures of the yearly yields. The foreign trade returns were as follows for the fiscal year ended June 30:

IMPORTS	1906	1905
Dutiable goods	$173,027,710	$150,914,668
Free goods	110,236,095	100,688,332
Total	$283,263,805	$251,603,000

EXPORTS	1906	1905
Animal Produce	$66,455,960	$63,337,458
Agricultural produce	54,062,337	29,994,150
Forest	38,824,170	33,235,683
Mine	35,469,631	31,932,329
Manufactures	24,561,112	21,191,333
Fisheries	16,025,840	11,114,318
Miscellaneous	84,906	49,675
Total	$235,483,956	$190,854,946

Of the total imports in 1906 no less than $175,862,071 came from the United States. Great Britain the next largest, sent $69,176,189.

The figures for the six months ended December 31, are as follows:

IMPORTS:	1906.	1905.
Dutiable goods	$98,567,975	$82,718,764
Free goods	63,520,839	51,095,446
Total	$162,088,814	$133,814,210
DOMESTIC EXPORTS:		
The mine	$17,756,389	$17,238,528
The fisheries	6,633,634	8,966,768
The forest	27,385,387	20,095,654
Animals and their produce	45,131,974	44,471,068
Agriculture	27,419,564	30,870,907
Manufactures	11,983,265	11,501,243
Miscellaneous	132,882	36,561
Total	$136,443,095	$133,180,729

The immigration for 1906 was 215,912, an increase of 71,294 or 49 per cent. over 1905. Of the total 63,781 came from the United States, 98,257 from Britain.

For several years back there has been an adverse balance in the foreign trade. Partly this is due to heavy purchases by importers, and to no small extent it is due to the large influence of outside capital which comes in the shape of goods, machinery, etc., as well as cash. Quite a notable effect has been produced in certain localities in older Eastern Canada, by the establishment of branch or principal plants of foreign industries. This movement has been going on for years. Mention might be made of the locomotive works in Montreal established by the American Locomotive Co., The International Harvesters' plant at Hamilton. The Plymouth Cordage Co.'s plant and an iron plant at Welland, and various others in Toronto, Peterboro and other places. Besides the construction of their plants these concerns, in some cases, are building dwellings for their employes, and their operations are quickening the industrial life of the respective localities quite considerably. Then the extensive railroad construction done and in prospect has also had an important effect and will have more in inspiring tradesmen and manufacturers to engage in enterprises of various kinds.

Activity in Mining.

The output of the mines for the year 1905 was slightly over $68,000,000. The 1906 figures will not be available for several months yet but they are certain to exceed those of the previous year. Development and mining in the Cobalt region did not begin in earnest till 1906 and from that district alone a large increase is to be expected. In this connection mention might be made of the famous Cobalt speculation, which raged in the Dominion and spread to the United States. The Toronto "Globe' published a list of the companies organized, with the avowed purpose of exploiting the Cobalt field. The companies are several hundred in number and their total capitalization over $250,000,000, notwithstanding that the shipping mines do not exceed two dozen. Whatever were the reasons that caused the Guggenheims not to exercise the rights given by their option on the Nipissing mines, the blow which they thereby dealt to the Cobalt speculation entitles them to some gratitude from hundreds of ignorant people of small means in the Dominion who were thus saved, for the time at least, from the net of the get-rich quick schemers. Though few statistics are available, it is known that the great cereal crops were good and prices high. The farmers, all over the Dominion, prospered exceedingly. The butter and cheese exports from the port of Montreal amounted to $26,030,212 in 1906 against $25,689,845 in 1905. The fisheries yielded $29,000,000 in 1905. It is estimated that 1906 would fall slightly under that, because 1905 was one of the bumper years for Fraser River salmon.

Good Prospects Reported.

Coming to the outlook for the current year, there is a good prospect for a large acreage in Western wheat. The new settlers have been busy breaking ground and preparing for the spring seeding. There is a large amount of railroad construction in prospect. The Grand Trunk Pacific will be fairly embarked on the building of its new system of 3,600 miles; the Canadian Pacific is steadily adding to its mileage, and will certainly complete several hundred miles in 1907; The Canadian Northern also will add its quota. Not so much is known about the Canadian plans of Mr. J. J. Hill, but it is expected that he also will be busy laying rails north of the international boundary. The unfavorable condition of the world's money markets may, to be sure, cause some modifications of the plans of the above-named parties, but they are all strong and influential in London and no doubt they can get their requirements filled—if they pay the price. The shortage of labor is another difficulty with which they will be obliged to contend.

As a daily paper remarked not long ago, Canada is now going through the construction period. Things are abnormally busy everywhere on that account. When the various plants, railroads, etc., are fairly completed, then the operating stage will be entered. When that time comes there will likely be a slackening of the commercial pulse. But to all appearances the construction stage cannot very well end for some years yet. It is this thought that gives confidence to the business men and financiers. Immigration has continued heavy—a great many of the newcomers being of the best class. For banking profits the outlook is considered good. It would not surprise some of the bankers to see a temporary breakdown or liquidation at any time. The pace has been exceedingly brisk and the strain on the credit machinery severe.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BILLS AND NOTES — INDORSEMENT — PAYMENT — DISCHARGE OF INDORSERS—BANKRUPTCY OF MAKER—FAILURE TO FILE CLAIM IN BANKRUPTCY.

SECOND NAT'L BANK VS. PREWETT, ET AL.

Supreme Court of Tennessee, Sept. 1, 1906.

Payment of a note by makers a few days before their adjudication in bankruptcy did not suffice to discharge the indorsers, according to a decision of the Supreme Court of Tennessee, in the case of Second National Bank vs. Prewett, et al.

It was held further that where the holder of a note had paid back the amount received on it from the makers to the latters' trustee in bankruptcy as a preference, and failed to file the note as a claim against the bankrupt's estate, recovery can be had from the indorsers only for the difference between the amount of the note and interest and the amount of the dividends that would have been received from the bankrupt's estate if the note had been filed properly. The facts are stated clearly in the following opinion:

NEIL, *J.:* On January, 19, 1900, Prewett & Co. executed to the order of J. T. Rushing, R. E. Prewett and J. T. Jones, a note in the sum of $2,500, maturing twelve months after date. This note was indorsed by the payees, waiving demand and notice to the Second National Bank. The indorsers had no beneficial interest in the transaction, the note having been made merely for the accommodation of Prewett & Co. When the note was negotiated to the bank, there was a collateral contract entered into between it and Prewett & Co. to the effect that the latter should have the right to pay the debt before due, and to have a rebate of interest from the time between the date of payment and maturity.

On September 18, 1900, Prewett & Co., through their representative, J. J. Prewett, claimed of the bank the right to pay off the note, and were permitted to do so; a rebate of $68 being allowed for the difference of time.

Within a few days after this payment the creditors of Prewett & Co. filed a petition in bankruptcy against them, and they were duly adjudged bankrupt. An action was brought by Harris, the trustee in bankruptcy, against the bank, and he recovered in this action the full amount which had been paid to the bank. The aggregate was $3,100 and interest. This included not only the payment on the $2,500 note, but likewise payment of an overdraft of about $600, and part payment of a note of $795, indorsed by J. T. Rushing.

The controversy in the Harris case is reported under the name of Harris vs. Bank, 110 Tenn. 239, 75 S. W. 1053.

The amount recovered from the bank was paid into the bankruptcy court, and was there prorated among the other creditors of Prewett & Co.; the bank not having filed any claim.

After the bank had paid the judgment, it brought the present suit against R. E. Prewett and J. T. Rushing, indorsers on the $2,500 note, to recover two-thirds thereof; the other indorser, J. T. Jones, having already paid one-third without suit.

The defendants insist that they are not liable and refer for authority to Harris vs. Bank, supra. In that case, the court did not have before it the question here presented, and what was said upon the liability of indorsers appeared only in a quotation. There is nothing in the opinion in Harris vs. Bank that in any way bears upon the present controversy, except the observation that the bank was not compelled to accept payment of the amount of the note on penalty of releasing the indorsers. In the present case it appears there was a collateral agreement between the bank and the makers to the effect that the makers would have the right to pay the note before maturity and obtain a rebate. This agreement was in the nature of a security or counter security for the benefit of the indorsers, and if the bank had refused to accept the money thereon, the indorsers could afterwards have claimed a release.

The bank was then in this position. A valid payment was offered to it, which it dared not refuse on penalty of losing its indorsers. It is said, however, that Prewett & Co. were insolvent, and the bank knew such to be the fact. This is true, but there might never be any proceeding in bankruptcy instituted against them. In that event, the payment would continue good. The indorsers were entitled to this benefit, and if the bank had refused when offered, they would have had just ground of complaint. What was said in Bartholow vs. Bean as to the non-liability of the indorser was mere dictum. The case did not call for it. The action there was by the assignee in bankruptcy against a creditor who had received a preference to recover the amount so paid. No question of the liability of an indorser was involved.

The duty of the present complainant was, upon the adjudication in bankruptcy of Prewett & Co., to surrender the preference and file its claim for allowance. It was compelled to restore the money, but failed to file its claim against the estate. The extent of the injury suffered by the indorsers through this failure is measured by the amount that would have been realized by the bank if it had filed the claim, and which was lost by not filing it. For this injury the bank must account in the abatement of its demand.

The record shows, without controversy, the amount of the debts filed in this proceeding, the assets, and the pro rata paid. To the debts should be added the $2,500 note, and the pro rata figured on that basis as of the date of the pro rata which was made in the bankruptcy proceedings. The pro rata amount thus ascertained for the $2,500 note will show the sum the bank would have received had it filed its claim. The amount so found must be deducted from the note.

It is conceded that on the basis above fixed the pro rata amount applicable to the $2,500 note would have been $837. Deduct this amount, also the sum paid by Jones, the third indorser, and enter judgment for the bank for the balance and interest, against defendants Prewett and Rushing.

It is insisted that the settlement should be made on the basis of the bank's filing the whole of its demand against Prewett & Co., that is the overdraft and the amount which had been received on the Rushing note. We cannot deal with that phase of the matter in the present case. The bank had no duty resting on it to any third party in respect of the overdraft. Nor can we deal with the $795 note; that matter is not before us. We have referred to it in a preceding part of the opinion, merely in an incidental way, in stating the history of the transaction.

Judgment as above directed.

BILLS AND NOTES—PROMISSORY NOTE—DECLARATIONS OF OFFICER OF BANK—PRINCIPAL AND SURETY—CO-SURETY.

NATIONAL BANK OF COMMERCE OF SAN DIEGO VS. SCHIRM, ET AL.

Court of Appeals, Second District, California, May 31, 1906.

It is held in the case of the National Bank of Commerce of San Diego vs. Schirm, et al., in a decision of the Court of Appeals, Second District of California, that if the vice-president of a bank, who also was a director, acted as its agent in making certain loans to a Government contractor by discounting certain notes, there was nothing in the relation of such officer to the bank inconsistent with his position as agent for the bank, and hence declarations and conversations between him and the contractor with reference to the application of certain payments on one of the notes was admissible as against the bank. The decision is as follows:

SMITH, *J.:* Appeal by the defendant Schirm from a judgment against the defendants, and from an order denying his motion for a new trial. The suit was brought upon the instrument set out in the complaint, made by the defendants to the plaintiff, which is in the ordinary form of a negotiable promissory note, with exception that at the end thereof, and before the signatures, it is added: "Collateral for S. Bryan note. Note 58." The note of Bryan thus referred to, which was of even date, was for the same amount and in similar terms. Bryan, the maker of the note, was a contractor with the United States Government for the erection of government buildings at Ft. Rosecrans in the county of San Diego, under several contracts, and the defendants had become sureties on his bond to the Government on the first contract, and perhaps on the other contracts. From the facts disclosed in the evidence, it is to be inferred that it was contemplated that advances of money should be received by Bryan from the plaintiff, either directly or as loans to Powers, for the purpose of paying the amounts to become due to employees and others in the prosecution of the work; and Bryan had, prior to the date of the transaction in question, made an assignment to Powers "of the monthly checks" to become due to him from the Government, presumably to secure these amounts.

Whether the assignment included also the check to be given on the completion of the work does not clearly appear from the evidence. But this check, which was for the sum of $14,860, was received by him. There was evidence tending to prove that in the transaction in question, Powers, who was vice-president and a director of the plaintiff, acted as its agent in the transaction involved, and that it was at the time understood and agreed that the Government check given on the completion of the work was to be paid on the note referred to in the instrument sued upon; and also evidence—though not altogether satisfactory—that upon the payment of this amount to the bank, Bryan directed it to be applied on this note.

There was other evidence also offered to establish these points, which was excluded by the court. The $14,860 check was paid into the bank on June 14, 1904, at which time the bank held the following notes of Bryan: Two notes to Powers of date October 13, 1903, the one for $3,000 and the other for $6,000, indorsed by Powers February 11, 1904; the note of Bryan referred to in the instrument sued on for the sum of $15,000, of date April 12, 1904, and another note of the same date, indorsed or otherwise signed by the defendant Schirm, for the sum of $1,200; a note of $3,000 of date August 14, 1903, to Powers, indorsed by him February 11, 1904; a note of $1,200 to the bank of date June 6, 1904; and a note of $1,000 to the bank of date June 11, 1904. When the Government check was paid to the bank the proceeds were applied by the cashier upon the above notes in the order stated, with exception of the $15,000 note and the last note for $1,200, and the notes themselves were marked as canceled and delivered up to Bryan. But after this had occurred, Powers, having come up and looked over the notes, told the cashier that he had canceled the wrong $1,200 note, and thereupon, at his suggestion, and, perhaps, with the concurrence of Bryan, the cancellation of the first of the $1,200 notes was obliterated and the later note for that amount marked canceled.

At the close of the evidence, on motion of the plaintiff, "all of the testimony in relation to suretyship and agency and the paying of the money was stricken out, and the jury [instructed] not to consider it." The jury were then instructed, in effect, to return a verdict for the plaintiff for the amount specified in the instrument sued upon, with interest, less a credit appearing thereon; and, the verdict having been returned accordingly, the judgment was thereon entered for the plaintiff.

Upon the record thus presented we are of the opinion that all of the propositions involved in the instructions of the court, and in its rulings in striking out the evidence, are untenable. The ruling of the court on the question of suretyship was, in effect, that the instrument sued upon was in its terms a promissory note made by the defendants as principals, and that evidence was inadmissible to vary its effect. But under the provisions of our Code, and the decisions bearing thereon, it is the established law of this state that parol evidence is admissible by the maker of an instrument, who appears by its terms to be a principal, to show that he is in fact a surety, "except as against persons who have acted on the faith of his apparent character of principal." (Civ. Code, § 2832.)

In the present case it is not altogether clear that the so-called note, on its face, can be construed otherwise than as a contract of surety; but, whether this be the case or not, the evidence stricken out and other evidence was competent to establish that this was the case, and should have been admitted.

As to the question of agency, we see nothing in the relation of the defendant Powers to the bank inconsistent with his occupying, in relation to the appellant, the position of agent for the plaintiff; and it was therefore error to exclude testimony upon this point, or to strike out the testimony that had been admitted. The admitted testimony, indeed, tended strongly to support the appellant's contention, and declarations of the defendant Powers and conversations with him bearing upon this issue were therefore proper to be considered by the jury and should have been admitted. The evidence of Bryan's directions as to the application of the proceeds of the last Government check was also competent, and should not have been stricken out. The evidence, so far as it related to the application of those proceeds exclusively to Bryan's $15,000 note, is not altogether satisfactory, but still it was admissible. Besides, the evidence shows, without contradiction, that part of the proceeds of the check in question were in fact applied by the cashier to the payment of the first of the $1,200 notes above specified, and that note canceled; and this fact was certainly admissible.

Finally, even after the exclusion of all the evidence upon the above points, the plaintiff was not entitled, as a matter of law, to a verdict in his favor, at least, for the full amount of the note. The instrument sued upon, as we have said, is, we are strongly inclined to think, in terms, a contract of suretyship as defined in the Code. (Civ. Code, § 2831.)

It, indeed, purports in some of its terms to be an absolute and unconditional promise to pay the amount specified; but this language is qualified by the express terms of the note that it was given as "collateral" for the Bryan note of even date, which can be construed only as meaning that the promise was made as security for that note and was therefore conditional upon its non-payment. It can hardly be doubted that this was the intention and understanding of the parties, or that the contract should be construed according to that intention. The case in this respect is not to be regarded as the same as the case of notes of third parties assigned as collateral security; for here the instrument sued on is but a part of the one original transaction, which can hardly be construed otherwise than as we have construed it.

Hence, assuming this to be the true construction, the appellant would be entitled to the benefit of these securities.

But, however this may be, it is at least certain from the facts in evidence that the checks assigned to Powers by Bryan were assigned to him as surety, at least for his own advances, and it follows as matter of law that the appellant was entitled to the benefit of the securities thus held by him. (Civ. Code, § 2849.) The proceeds of the last check of the Government, therefore, should have been applied, either as contended for by the appellant, or to the Bryan note of April 12th and the notes previously given or to all the notes held by the bank pro rata; and it was inadmissible, under any view of the case, to exclude the two notes of April 12—that is, the note for $15,000 constituting part of the transaction involved in the present suit, and the note for $1,200 of the same date—from the benefit of the payment.

The judgment and order appealed from are reversed, and the cause remanded for a new trial.

CRIMINAL LAW — FORGERY — UTTERING OF NOTE — INDORSEMENT OF FORGED NOTE TO BANK.

PEOPLE VS. DOLAN.

Court of Appeals of New York, October 2, 1906.

In the case of People vs. Dolan, in which the defendant was accused of uttering a forged note by indorsing it to a bank, the Court of Appeals of New York holds that evidence of the forgery and uttering of other notes by the defendant and negotiated with other banks and individuals was admissible as showing guilty knowledge, especially in view of the fact that all the notes were made about the same time when the defendant was trying to raise funds to meet his obligations, and that in each case he used the names of persons with whom he had done business and with whose affairs he was familiar.

An abstract of the opinion affirming the conviction of the defendant, is as follows:

WERNER, *J.:* The defendant was indicted by the grand jury of New York county for the crime of forgery in the second degree. The indictment contained two counts. The first count charged him with forging a note dated October 13, 1897, for $2,000, payable to the order of himself at the West Side Bank, and purporting to be signed by the firm of Thos. Cockerill & Son. The second count charged him with feloniously uttering the same forged instrument with intent to defraud, knowing it to be forged. The first count was abandoned at the trial and the defendant was tried and convicted on May 19, 1904, upon the second count. There was ample evidence to warrant the jury in finding the defendant guilty of uttering the forged instrument as charged in the second count, but the judgment of conviction was set aside at the Appellate Division by a divided court, for errors said to have been committed by the trial court in its rulings upon the admission and exclusion of evidence.

That the note was a forgery was conceded; and it was established beyond a doubt that Cockerill & Son, whose name had been signed to it, had never authorized such signing. It was brought to the Twelfth Ward Bank of New York City on October 13, 1897, the day of its date, by a Miss Fitzpatrick, who was the bookkeeper of the defendant. The evidence was sufficient to justify the jury finding that the defendant called at the bank later in the same day and indorsed it. The amount of the note was then placed to his credit. The defendant, testifying in his own behalf, stated that he was not in New York city on that date; that he did not indorse the note until some days later; and that he did not then know it was a forgery, as he had many transactions of a somewhat similar character with the bank. The defendant was a stone contractor, and the evidence tended to show a course of business dealings between him and Cockerill & Son, who were building contractors. For the purpose of showing guilty knowledge on the part of the defendant, the prosecution proved the uttering by him of several other forged notes. The defendant's counsel objected to the evidence relating to these other notes, and the exceptions based upon that objection raise the important question in this case. Two of the other forged notes were signed with the name of Cockerill & Son and made payable to the defendant. They were indorsed by him and discounted at the Twelfth Ward Bank. The first one was a three months' note dated May 13, 1897, and was for $2,500. The second was a two months' note dated August 13, 1897, and was for $2,000. It was given to pay off the first note, and at the same time the defendant paid the bank $500 and the amount of the discount. The note set up in the indictment was given to pay off this second note. There were two other forged notes signed with the name of James Stewart & Co., who were also building contractors, between whom and the defendant had been business dealings. Each one of these notes was for $3,200, made payable to the defendant and indorsed by him. The first one was given to Isaac A. Hopper, who procured it to be discounted for the defendant at the Twenty-Third Ward Bank and turned over the proceeds to the defendant. The second the defendant gave to John J. Hopper, a brother of Isaac, who loaned him money on it. Still another one of the forged notes was signed with the name of Patrick Gallagher, who was also a builder with whom the defendant had business dealings. This note was for $1,697, and was discounted by the defendant at the Nineteenth Ward Bank. All these transactions took place in 1897, and the evidence shows that at that time the defendant was in financial difficulties.

We think that all this evidence was clearly competent and that the learned Appellate Division erred in holding otherwise.

There is also another ground upon which this evidence was competent. All the notes referred to in the evidence were made at about the same time. In each case they were made payable to the defendant and indorsed by him. During the period covered by all the notes the defendant was endeavoring to raise sufficient funds to meet his obligations, and in each case he used the name of some builder with whom he had done business and with whose affairs he was familiar. This combination of circumstances was sufficient to establish a common plan and identity of method so connected as to have a strong tendency to overcome any claim of innocent intent in the uttering of the note charged in the indictment. The evidence bearing on these other notes served to show that the defendant was endeavoring to meet his obligations as they became due, by making a fraudulent and intentional use of the names of contractors with whom he had business relations. The same general features were present in all of the transactions which seem to have been the product of one general scheme. These facts and circumstances were sufficient, we think, to bring the case within the exceptions to the general rule that excludes proof of extraneous crimes.

It is further contended by the learned counsel for the defendant, that even if the evidence relating to the other forged notes was admissible, yet no proper foundation was laid for its introduction. Notices to produce these other notes had been served by the prosecution upon the defendant, but they were not produced at the trial. The prosecution was thus driven to give secondary evidence of their contents. When that was attempted the objection was promptly raised that such evidence could only be received after proof of loss or destruction of the notes, or of their delivery to the defendant. It is an eminently safe rule that where it is sought to give evidence of other forgeries, the forged documents upon which it is predicated must be produced, and so it has been held in other jurisdictions.

From the evidence bearing upon the ultimate disposition of the several notes referred to, we think it is quite permissible to draw the conclusion that they were all returned to the possession of the defendant. That was the ordinary course of business, as testified to by one of the witnesses, and that is the familiar experience of all who have occasion to pay notes at banks. There was evidence in this behalf which, to say the least, presented a question of fact for the determination of the trial judge, and his decision thereon is not reviewable in this court.

CERTIFIED CHECK—FRAUD—RIGHTS OF HOLDER—BONA FIDE PURCHASER—KNOWLEDGE OF OFFICERS.

DETROIT NATIONAL BANK VS. UNION TRUST COMPANY.

Supreme Court of Michigan, September 20, 1906.

In the suit of the Detroit National Bank against the Union Trust Company, receiver of the City Savings Bank, the Supreme Court of Michigan reverses a judgment for the defendant, holding that in an action on a fraudulently certified check the burden was on the plaintiff to show he was a bona fide purchaser; that such issue was for the jury; that it was proper, on the issue of the plaintiff's good faith in taking the check, to show knowledge of its officers as to the pecuniary standing and dealings of the drawer of the check and the insolvent, the volume of similar business done, the terms upon which it was done, whether the transactions were ordinary in their character; that the business was known to the directors; that the transaction was a loan to the drawer instead of a legitimate transaction, and that printed official statements of the insolvent brought to the knowledge of the plaintiff's officers showed an item of certified checks less in amount than certified checks on the insolvent held by the plaintiff at the time.

It further holds that the fact that more money was advanced to the drawer on the check than the plaintiff bank was authorized to loan, or that usurious charges were made, did not invalidate the plaintiff's claim.

HOOKER, *J.:* The City Savings Bank of Detroit closed its doors and went into the hands of a receiver, owing to the failure of its vice-president, Frank C. Andrews. The Detroit National Bank filed a claim against it, based upon two checks, drawn by Andrews, certified by the assistant cashier of the City Bank, and discounted by Andrews, at the Detroit National Bank. The case was tried by a jury, a verdict was found for the defendant, and the claimant has appealed.

The case must ultimately turn upon the bona fides of claimant's purchase of the checks, and as the more important assignments of error relate to that question, we will discuss it first.

1. It is not disputed that the certificates were fraudulent, being made when Andrews had no funds in the City Bank, and it was incumbent upon the plaintiff to show that it was a bona fide purchaser. The claimant made a prima facie showing by the testimony of its officers, that they took this paper for value, and in good faith, honestly believing that the drawer had an adequate deposit in the City Bank at the time of the certification, and it is claimed that this testimony was not disputed, and therefore that the court erred in refusing to direct a verdict for the plaintiff. This point is well taken, provided there is no testimony contradictory to that mentioned. Defendant's counsel say that there is such testimony, and we will allude to it in a general way. The assistant cashier of the City Bank on cross-examination (which we may parenthetically remark was, in our opinion, opportune and proper) testified to the fraudulent character of the certification. DeGraff,

claimant's cashier, who discounted these checks, testified at length, upon cross-examination, that during November and December, 1901, and January and February, 1902, the claimant received from Frank C. Andrews many of his checks certified by the City Bank, some of which were paid, through the clearing-house, others being withheld from clearings for a day or so, at Andrew's request, and some taken care of otherwise by him, and that in such cases interest or a bonus was charged him by claimant. Of the latter class, the aggregate in January was $1,311,000, those that went through the clearing-house amount to $1,236,000. There were twenty-one of these checks, in both classes. The total amount of certified checks was $6,220,000. Drafts on New York being given for some or all of these checks, interest was charged as upon a loan up to the time of payment of the check. It is claimed that these charges were usurious and furnished a motive for these transactions. During the same time Andrews was drawing large checks upon the Detroit National Bank (overdrawing his account largely) in favor of the City Bank, and it was claimed by counsel that this was a pernicious practice, known to banks as "kiting checks," and must have been known and acquiesced in by the claimant; that Andrews' practice of overdrawing upon claimant continued until he was notified that he must not do it, without advising claimant. It was further shown that plaintiff's cashier knew that Andrews was speculating in stocks during this time, and had heard that he lost some money on Amalgamated copper, which the claimant was taking as collateral, and may have known of its value. The cashier testified that his assistant cashier criticised the method of doing business with Andrews.

On behalf of the defendant, Andrews testified that he asked that the checks be withheld for the reason that the bank had not the money to pay them. He further stated that he was requested to get the checks certified. Claimant's assistant cashier testified to cautioning the cashier against the business being done with Andrews, and on one occasion the cashier said he wondered whether a given certificate was bona fide.

It is a general rule applicable to transactions not involving commercial paper, that where one has notice of facts which would put an ordinary prudent man upon inquiry, he cannot be considered a bona fide purchaser, if he neglect to take such care of his own interests, as an ordinarily prudent man would do, but that rule has not been applied to commercial paper.

Were this question before us in an equity case, upon the merits, we should necessarily consider the weight of the testimony pro and con. Upon this record we can only determine whether the circumstances taken together tend to show mala fides, whether a jury might legitimately find from them that the plaintiff's cashier did have a suspicion that this was a fraudulent certification, and "refrained from making inquiry, lest he should know that it was so," and therefore properly a question for the jury. The burden being upon the plaintiff to establish bona fides, the question was one for the jury, if plaintiff's testimony was contradicted. We think that it was disputed by circumstances having a tendency to show grounds of suspicion at least, and of a character which made the subject a question for the jury, justifying a verdict for the defendant, if the circumstances shown convinced them that plaintiff's cashier did not entertain an honest belief that Andrews had the requisite deposit at the time of the purchase. The crucial question being whether the checks were purchased upon an honest belief of the validity of the certification, any testimony connected with the transaction, naturally raising doubt of such belief, was admissible. It was competent to show the knowledge of plaintiff's officers as to the pecuniary standing, methods, and dealings of Andrews and the City Savings Bank, the volume of similar business done, and the terms upon which it was done, and whether transactions were ordinary or usual in their character. It was proper to show that the business done with Andrews was not communicated to or known by plaintiff's directors. The plaintiff had a right to a fair, temperate, and impartial consideration of the question, whether its cashier discounted these checks in the honest belief that Andrews had a deposit in the City bank at the time, equal in amount to the checks. That is all there was of the case. It was not a question depending upon the condition of the plaintiff bank, or whether, when its business was closed up, its stockholders received $125 for each share of stock. Based on a question merely (for the witness did not answer it in the affirmative, and for that matter it would have been no better had he done so), counsel for the defendant argued that the bank had paid its stockholders 120 cents on the dollar, or more.

We think that it was competent to offer evidence tending to show printed official statements of the City bank, brought to the knowledge of the plaintiff's officers, containing an item of only $10,000 of certified checks, when plaintiff's officers must have known that it held a much greater amount of such checks at the time.

The judgment is reversed, and a new trial ordered.

BILLS AND NOTES—ALTERATIONS—FORGERY OF NAME OF MAKER—EFFECT ON LIABILITY OF OTHER MAKERS.

BEEM, ET AL. VS. FARRELL, ET AL.

Supreme Court of Iowa, Sept. 21, 1906.

In an action on a promissory note against three persons as makers, where the defense set up in a joint answer by the defendants was that the note was a forgery, and the jury found that the name of one of the parties was forged, the Supreme Court of Iowa, in the case of Beem, et al. vs. Farrell, et al., holds that judgment against the other two persons could not be rendered, though the answer did not specially allege the conclusion that as to each of the defendants the note was void. The jury returned a verdict for the plaintiffs against E. D. and Anna Farrell, but found for the defendant Thomas Farrell, whose name it found was forged. Other questions were discussed in the opinion, but that part of it relating to this particular issue is as follows:

McClain, J.: The jury were instructed that if they should find that some one but not all of the defendants signed, or gave the note in question, then their verdict should be for the plaintiffs and against such defendants as they find from the evidence did give or sign the note, and as to such defendants as they should find from the evidence did not give or sign the note their verdict should be in favor of such defendant or defendants. The objection now made with reference to this instruction is that it authorizes a recovery on the instrument as against E. D. Farrell and Anna Farrell, although the jury should find the name of Thomas Farrell was not signed thereto either by him or by his authority, it being conceded that his name appears as a signer of the instrument. The argument is that a fraudulent alteration destroys the instrument, and that no recovery can be had thereon. It is specifically alleged in the answers that the note was forged by the plaintiffs. If Thomas Farrell's name, appearing thereon as that of one of the signers, was not affixed thereto by himself or with his authority then the instrument was invalid and plaintiffs could not recover thereon. The jury specifically found that Thomas Farrell was not liable, and this finding was necessarily predicated under the evidence and the instructions, on the conclusion reached by them that he had not signed nor authorized his name to be signed to the instrument. It was error, therefore, to render judgment for the plaintiffs against the two defendants who, as the jury found, did sign the instrument, for the instrument itself was invalid. The invalidity of the instrument as a forgery was pleaded in behalf of all the defendants in their joint answer, and it was not necessary for them to specifically plead the legal conclusion that as to each of them the forged instrument was void and of no effect.

For the errors pointed out, the judgment of the trial court is reversed.

CHECK—CONSIDERATION.

CAREN VS. LIEBOVITZ.

Supreme Court of New York, Appellate Division, Second Department, June 15, 1906.

In the case of Caren vs. Liebovitz, the Supreme Court of New York Appellate Division, Second Department, held that where a check given by the defendant to the plaintiff on the purchase price of land under a written agreement for the plaintiff to convey such land, and containing a provision for the making of the contract next day, the fact that the plaintiff refused next day to sign a contract in accordance with the terms of the first contract, but insisted on inserting therein certain restricting convenants did not defeat the consideration for the check and was no defense to an action there. Gaynor, J., dismisses the matter in a few lines thus:

"The refusal of the plaintiff to make the second contract the same in its terms as the first did not defeat the consideration for the check. It was given for a good consideration, viz., the first contract, and that remains and can be enforced. The plaintiff is just as much bound by the contract as it was first drawn as she would be if it were drawn over and signed again. It satisfies the provisions of the statute of frauds, and is complete against her. That the purchaser has not signed it does not detract from its effect against her."

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

TAXATION—ASSESSMENT ACT, 1905, CAP. 2—INCOME, TAXATION OF—WHAT CONSTITUTES INCOME—OUTGOINGS, MEANING OF UNDER THE ACT—INTEREST PAID BY BANK TO DEPOSITORS IN ONTARIO.

IN RE BANK OF HAMILTON (12 B. C. Reports, p. 207).

STATEMENT OF FACTS: By the Assessment Act (B. C. Stat. 1905, Cap. 2) it is provided that banks shall be taxed upon their actual gross income derived from business transacted within the Province, subject to certain deductions which are set out in Form 1 of the Act. Form 1 provides, inter alia, a deduction on account of outgoings or necessary expenses incurred and actually paid by the bank in the production of income. The Bank of Hamilton operates two branches in British Columbia, and there was charged as a deduction a certain sum which was ascertained by deducting four per cent. on the average of the weekly sums which, in the books of the head office, were debited to these branches. In ascertaining the profits made by the different branches, the practice of the head office was to charge against each branch this four per cent. The evidence did not show whether this sum (debited weekly against the branches in the books of the head office) in fact corresponded with the amount of money employed by the bank in its banking business in British Columbia in obtaining income. The charge of four per cent. was made up of two items: three per cent was charged as representing the interest paid to depositors in Ontario on moneys borrowed from them by the bank, and one per cent. was a charge representing the general expenses of the bank in connection with deposit accounts, including, as appeared from the affidavit of the general manager, a certain allowance made for the loss arising from the fact that a considerable sum of money on which interest was paid by the bank remained unproductive.

JUDGMENT: (DUFF, J.): I can find nothing in the act justifying the view that the Legislature is treating for taxation purposes the branches of a bank in British Columbia as independent income-earning bodies, and therefore I cannot agree with the contention of the appellant bank that the charge made against the British Columbia branches for domestic purposes (four per cent. of the average weekly sum standing to the debit of the British Columbia branches in their account with the head office) is to be treated per se as an outgoing, or necessary expense actually incurred and paid out by the bank in the production of its income derived from transactions in British Columbia within the meaning of Form 1. This charge is a bookkeeping entry, and nothing more. If, in dealing with banks, the Legislature had intended to constitute such an entry in itself a deduction as an outgoing or expenditure, nothing would have been easier than to say so, and the Legislature, I have no doubt, would have said so.

I think, however, that the interest paid to depositors, or others, on moneys employed in banking transactions in British Columbia, from which the appellant's income in this Province is derived, is an outgoing incurred and actually paid by it in the production of that income, and therefore a proper deduction under sub-section 4 of section 5; that is to say, the interest actually paid upon moneys actually so employed is a proper deduction. I think the evidence is not satisfactory upon the question how far the average of the weekly balances charged against the British Columbia branches in the books of the head office corresponds with the amount so employed throughout the year. I am not impressed, any more than I think it likely the Legislature would be impressed, with Mr. McPhillips' view as to the impracticable character of the calculations required to ascertain the exact sum so employed through the British Columbia agencies at any given time; and we have neither this exact sum, nor any plain statement by any servant of the bank, speaking of his knowledge, that it is approximately the same as the sum arrived at by taking the average referred to. I should suppose that the two are nearly identical, but the evidence does not justify one in treating them so as a basis of judicial decision.

The parties should be able to arrive at an agreement on this question; but if not, the appellants should, I think, as an indulgence, be at liberty to have the question further investigated in the Court of Revision on payment of the costs of appeal.

The deduction of one per cent. for expenses claimed by the bank should, in my opinion, be disallowed. The affidavit of the general manager convinces me that the charge of one per cent. against the British Columbia branches, upon which the claim for the deduction is based, includes elements which do not properly enter into the computation of the statutory deductions. The language of the affidavit is not unambiguous, but it leaves no doubt in my mind that to support this deduction some portion of the interest paid by the bank on money borrowed, which is kept idle and unproductive as a part of a reserve, or for other purposes, must be treated as chargeable against the British Columbia branches as an outgoing or expense within the meaning of the act. Such a charge, I have no doubt, does not necessarily represent an outgoing or necessary expense actually incurred and paid in the production of the income derived from transactions in British Columbia, and there is nothing in the circumstances to show that in this case it does so in point of fact.

The actual decision of the judge was right on the material before him, but the appellant must in any event have appealed to correct the view of the judge on the first question I have discussed.

On the whole, I think there should be no costs of the appeal.

BANK PRESIDENT—RETURNS AND STATEMENTS—DUTIES RESPECTING SAME.

PREDONTAINE vs. GRENIER (Que. Reports 15, King's Bench, p. 143).

STATEMENT OF FACTS: This was an appeal from the Court of Review under the following circumstances, as set out in the judgment of Mr. Justice Hall: The appellant took the present action, in November 1900, for $54,339, alleging that prior to May, 1894, he had been the owner of thirty-one shares of $50 each in La Banque du Peuple; that at that period the defendant, who was a director and the president of the bank, invited him to become a director and induced him to purchase sixty-nine additional shares, which he did, paying twenty-five per cent. premium therefor, and thereupon was elected a director; that he accepted this position at the instance of the defendant and upon his assurance that the bank was in a prosperous condition and specially relying upon the official report of the directors, signed by the defendant as president, which had been published on March 5 of that year, and which represented that with a paid-up share capital of $1,200,000 the reserved fund of the bank amounted to $600,000, the current loans and discounts to $6,827,608; their overdue notes, secured, to $21,114 and those unsecured to $18,622; the amount of mortgages due the bank to $83,465 and the profits for the past year to $198,915, from which $90,000 had been set aside for probable losses, leaving a net balance of $108,915, from which a dividend of six per cent. had been paid, a sum of $50,000 carried to the reserve fund and $12,577 credited to the profit and loss account.

The plaintiff further alleged that this statement was false, as had been the similar statements for the preceding five years during which the defendant had occupied the same position as director and president; that on June 16, 1895, the bank was obliged to close its doors and suspend operations; that liquidation of its affairs followed, resulting in the plaintiff losing the whole cost of his share capital and being obliged upon the completion of the liquidation of the bank, in November, 1899, to pay a sum of $45,914, as his proportion of the loss of ordinary creditors, for which under the charter of the bank its directors were personally responsible.

The plaintiff alleged that the defendant was liable to make good to him the full amount of the $45,914 and the cost, $8,625, of sixty-nine of the shares in the bank's capital which he had bought at the defendant's instance and that such liability arose from the defendant's fault and neglect in the discharge of his duties as president and the false statements issued and signed by him as to the condition of the bank's affairs and, specially, the false statement of March 5, 1894, upon which the plaintiff had specially relied in consenting to become a director and in assuming the personal liability attached to that position.

The defendant, by his plea, denied all liability, alleging that he had acted in good faith and had been deceived in common with his co-directors, including the plaintiff, by the false and fraudulent representations of the cashier, and by the statements submitted by him to the board of directors convened twice each week; that the misrepresentations in these statements as to the true condition of the bank were only discoverable by a special examination of the books and accounts which were open to all the directors, the plaintiff included, and that such examination did not devolve specially upon the president, but was deputed by the charter of the bank to a board of auditors, selected by the shareholders from among their number; that these auditors had been regularly appointed every year and had regularly made a semi-annual examination of the books and had regularly reported twice each year to the board of directors that they found them correctly kept and that the statements submitted by the cashier were in conformity therewith.

JUDGMENT: (Sir Alexandre Lacoste, C. J.: Bosse, Blanchet, Hall and Trenholme, JJ.): The ordinary duties, responsibilities and liabilities of a bank president were modified in some respects, in so far as the present defendant was concerned, by the special clauses of the original charter of the Banque du Peuple, conditions so peculiar that various provisions of the general Bank Act of 1890 were specially prepared not to be binding upon it. It appears by its charter, 7 Vic. (1841) C. 66, that it was the continuation of a firm here in Montreal, who under the name of Viger, DeWitt & Co., had for many years carried on a successful business as private bankers, the partners being personally responsible for all the liabilities of the firm, as in any other commercial partnership. They did not seek by incorporation to adopt the usual conditions and limitations imposed upon chartered banks, but only to increase their available capital by the admission of partners who, while entitled to share in profits in proportion to their investment, did not incur the personal liability which was retained by the original members of the firm, and by those whom they appointed to succeed them, the old board and their successors being called members or directors, while the new shareholders under a limited liability were to be called shareholders.

Under this special charter, the directors were under no obligation to furnish formal statements of their affairs to the Government (although this duty was subsequently imposed upon them by the general Bank Act), but were bound, under section 16, to furnish to their shareholders annually a certain statement, in a form in the statute itself (Form C); and it is for alleged irregularities in this statement, and not the one furnished to the Government, of which the plaintiff complains.

The questions for study and decision in the present action, are: (1) Were the yearly statements false, and if so, was the defendant aware of their falsity, or in any event responsible for their influence and effect upon the plaintiff; (2) was the defendant guilty of such neglect and want of care in the discharge of his duties as president as to render him responsible for the bank's failure and the plaintiff's losses in consequence.

The Banque du Peuple charter, involving the personal liability of its directors for all its liabilities to creditors, was specially excepted, as above stated, from many of the conditions imposed by the general Bank Act of the Dominion, while its general administration, of course, devolved upon its directors, the examination of its accounts and vouchers and the verification of its assets were specially imposed by its charter (sec. 19) upon a board of three auditors, not appointed by the directors, but elected each year by the shareholders from among themselves and whose duty it was to make such examination of the accounts, books, etc., and report to the next general meeting of the corporation. This requirement was faithfully observed, the auditors regularly appointed, the books and vouchers subjected by them to a semi-annual examination, entirely independent of any interference by the directors, and a report submitted to the corporation as required by law. It was this report, signed by the auditor and by the cashier, which the directors accepted, and submitted as their own to the shareholders, its authenticity being then certified by the president, par ordre du Bureau, J. Grenier, Pres.; that is, it was the report by the board of directors, submitted through the instrumentality of their president. This report conformed, in the first place, in every detail, to the form provided in the charter. In the next place, it was the work of the cashier and was vouched for as correct by the auditors after their examination of the books, and assets of the bank. In the third place, it was correct, as far as it went, and it went as far as the statute required.

The whole difficulty which precipitated the failure of the bank was not theft nor misappropriation of funds, nor false entries in the books, but advances improperly made by the cashier to three or four special customers, without the knowledge or authority of the president or directors, some of them upon securities which proved insufficient, and some of them in the form of overdrafts by checks certified by the cashier, upon the customers' open account. All overdrafts had been positively forbidden by the board, and the cashier, guilty of this disobedience to orders, took all possible means, of course, to conceal his act from the president. There is no evidence that the cashier, even, had any corrupt motive or interest in the course he took. He appears to have been sanguine that the affairs of these customers were sound and would eventually prove successful, and took the unwarranted and unjustifiable responsibility of aiding them, temporarily as he believed, by allowing them to overdraw their accounts—first by moderate sums, and eventually, in his and their desperation, by amounts which aggregate no less than $584,-428. The principal part of this amount he included in his report to the directors, under the heading of "Current loans and discounts," in an aggregate, under that head, of $6,827,608—while he reported the sum of $39,000 odd, as the total amount of "overdue notes secured and unsecured." The only adverse criticism on the part of the plaintiff is that the overdrawn accounts, instead of being included in the statement under the item of "current loan and discounts," should have been included in the item of "overdue notes unsecured" and that if this had been done, his attention and that of the other directors would have been called to this excessive amount of overdue transactions and an enquiry would have revealed the irregularity in regard to them. He therefore charges the defendant with neglect in having failed in his quality of president to discover and expose this irregularity.

In answer to this it is to be said, first, that overdrawn accounts are not "overdue notes;" and, secondly, as a matter of strict interpretation, they are "current loans," for they are loans and they are payable on demand. Mr. Richer, the assistant cashier, says that such accounts are included by all the banks in the item of "current loans," in their official returns to the Government and that no official statement is ever made to the Government of an amount of overdrawn accounts (and this is confirmed by reference to the public returns) because such overdrawing is irregular and prohibited, but always creeps into banking transactions as a temporary accommodation to regular clients.

Now, was it the duty of the president to have given such a degree of attention to the details of the administration as to have discovered and ended this system of advances upon overdrawn accounts? It is easy, after the event, to indicate the steps by which this irregularity might have been discovered. Probably, the plaintiff himself can reflect upon methods which he, as an ordinary director, might have adopted which would have disclosed the weak spot in the bank's management; but it must be said both in the defence of himself and the president, that the defect was not in the system, but in its administration or mal-administration by an official specially appointed to have charge of such details —an official not appointed by the president, but by the board of directors, and an official in whom not only all the board, including the plaintiff, but outside bankers, had the fullest confidence. Why, under such circumstances, should the president have made himself a detective or assumed even the functions of an expert accountant to examine the mass of personal accounts, over twenty-five to thirty millions in number, as one of the auditors testifies, to see that each was regularly kept. It is not for such qualifications, useful as they may be, that a bank president is selected, but rather for his standing in the community, his honorableness, his financial responsibility, and his business capacity, in every one of which respects the defendant was admirably suited for the position. But it is said that by a special resolution of May, 1900, a joint responsibility with the cashier had been deputed to him. From the remarkable phraseology of that resolution, it would be difficult to conjecture what it meant, but it is certain that it did not convey the meaning attributed to it in the appellant's factum and argument. It says nothing about the president interfering with or sharing the responsibility of the cashier's regular functions, but only appears to enjoin that all documents to be signed or transactions to be entered into by the bank should be submitted by the cashier to the president, in order that the responsibility of the engagements of the bank should be shared by those two officials, and then submitted to the board of directors for their approval. This might apply to purchase and sales of real estate, acceptance and discharge of mortgages, contracts for the construction of bank premises, contracts with the Government, or other bankers, transfers of shares and the like, but it is impossible to interpret it reasonably as applying to the daily dealings by the cashier with the bank's regular customers, and least of all, to such a matter as a customer's overdrawing his account—a practice formally prohibited by the board and which the president invariably opposed, and the existence of which he had no reason to suspect.

In the case under consideration, it is proved beyond question, even by the appellant's own evidence, that the cashier and manager, Bousquet, enjoyed the entire confidence of the board of directors, including both the appellant and defendant, and it is apparent therefore by the application of the authorities above cited, that the defendant, having a right to depend upon the statements and accounts of his subordinates, cannot, upon the ground of neglect, be held responsible for the losses caused by the errors and falsifications contained in said statements and accounts. As to a statutory liability for having, as the mouthpiece of the directors, signed statements for public use, which embodied the errors and frauds of the cashier, it seems only necessary to refer to the text of the section (No. 99) of the Bank Act upon which the plaintiff relies. "The making of any wilfully false or deceptive statement," etc.: "one who prepares, signs, approves or concurs in such statement," etc.; or "uses the same with intent to deceive, etc., shall be held to have wilfully made such false statement and shall further be responsible for all damages," etc. We have the dictum of a distinguished English Judge (Erle) in Reg. vs. Badger, that the word wilfully in a legal sense means, knowingly and fraudulently.

In all the evidence adduced, including that of the plaintiff and his expert witnesses, no one has had the temerity to hint even that the defendant had knowingly and fraudulently made any misrepresentation in regard to the bank's affairs or that the erroneous statements imposed upon the board by the cashier, and concurred in, by the plaintiff, in so far at least as that of 1895 is concerned, were made use of by the defendant with any intent to deceive the plaintiff or any one else. He was himself deceived, as was the plaintiff. He was and is the greatest sufferer financially, and I have no doubt, mentally, from the concealments and misrepresentations practiced by his subordinate official and, in my opinion, he has not rendered himself liable or responsible for the losses of others, however much he may regret them.

BANK DEPOSITS IN JOINT NAMES OF FATHER AND DAUGHTER—DEATH OF FATHER—RIGHT OF DAUGHTER TO THE FUND.

In Re Paul Daly, Deceased (37 N. B. Reports, p. 483).

Statement of Facts: At the time of his death the deceased had accounts in two banks in the joint names of himself and his daughter, with power to either to withdraw. After his decease this daughter claimed to be entitled to the moneys in both of these bank accounts, free from returns of her father's will.

Judgment: (Trueman, J.): I have carefully examined the evidence, and I can find no circumstances which go to show that the testator intended that the moneys so deposited were a gift to his daughter. The whole question of ownership, therefore, depends upon the legal effect of the testator's depositing the moneys in the joint names of himself and daughter—either to have the right to withdraw. Did she, by right of survivorship, become entitled absolutely to the moneys? I think that the mere fact that the testator joined his daughter's name in the bank accounts does not create a trust for his daughter. Unless other circumstances are shown as to the intention of the testator, it will be presumed that the arrangement was for the convenience of the testator in the management of his estate, or in this case it may have been for the convenience of the daughter, she being both executrix and tenant for life.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

FIRE-INSURANCE POLICY AS COLLATERAL.

Astoria, Ore., Jan. 7, 1907.

Editor Bankers' Magazine:

Sir: This bank has made it a practice for years to loan money to people who could not well give us security, such as merchants with their entire capital invested in goods and accounts, taking as our only pro tection fire insurance policies issued to the borrower, and with a slip attached by the insurance company reading, "Loss, if any, payable to the ——— bank." No further assignment is made by the borrower, but the loan is made on consideration that the insurance shall be assigned as stated. I wish to know your opinion as to our position in case the borrower should suffer such a loss by fire as to leave him insolvent. Would the claim on the insurance company be such collateral in our hands that we could realize on it as against all other creditors.

CASHIER.

Answer. Yes. Where a slip is attached to a fire insurance policy, making the loss payable to the mortgagee or to a person making advances, it is not customary to have any formal assignment of the policy, and none is required. The fact that the loss is expressly made payable to the bank obviates the necessity for any assignment. Indeed, the general rule is that the deposit of a policy of insurance with a creditor of the insured as collateral security gives a lien on the proceeds of the policy which is binding upon the insurer, the insured and all who have notice of such lien. (13 Am. & Eng. Encyp. of Law, p. 192.) And, of course, as by the terms of the slip attached the policy is made payable to the bank, every one dealing with the policy must have notice of the bank's claim.

PASS-BOOK AND VOUCHERS—DISCREPANCY.

SEATTLE, Washington, December 10, 1906.

Editor Bankers' Magazine:

SIR: Some time ago a depositor with this bank, after receiving his book balanced, reported to the bank that the checks returned did not agree with the balance. He was asked to return the book with the vouchers and the list given him with the checks. Upon bringing same to the bank, we found that a check for $200 had been extracted from the checks given him and a list which he had received some months prior returned instead of the one for the particular month in question. After investigating the matter, I accused his bookkeeper of being a forger or having raised one of his employer's checks, and upon the book being balanced and the checks returned having extracted that particular check from the checks returned him. A few days after the bookkeeper skipped out, taking with him other money of his employer. Our depositor continued doing business with us for about a year thereafter and upon the advice of some lawyer commenced an action against us for this particular $200. Will you point out a line of decision on such a case if you can; also express your opinion on the matter.

J. P. GLEASON, *Mgr.*

Answer. The general rule is that the law imposes upon the bank the duty of ascertaining the genuineness of the depositor's orders, and if it pays upon an order that is not genuine, the amount cannot be charged against the depositor's account. (Pratt's Manual, p. 71.) But where the loss might have been prevented, if the customer had made a proper examination of the statement rendered to him by the bank and the vouchers returned therewith, his negligence in this regard may preclude him from recovering the amount of the bank. (Leather Manufacturers' Nat. Bank vs. Morgan, 117 U. S. 96; Am. Nat. Bank vs. Bushey, 45 Mich. 140; Dana vs. National Bank, 82 Mass. 158; Hardy vs. Chesapeake Bank, 51 Md. 562; Shipman vs. Bank of the State of New York, 126 N. Y. 318; First Nat. Bank of Birmingham vs. Allen, 100 Ala. 476.) But before the customer can be so estopped, it must appear that his negligence in this regard has induced the bank to omit taking proceedings which it otherwise might or would have taken to indemnify itself from loss. (Janin vs. London & San Francisco Bank, 92 Cal. 14. See also cases above cited.) In the case stated in the inquiry, the customer appears to have made an examination of the account promptly, and reported the discrepancy to the bank, and hence no negligence is imputable to him. The fact that the customer continued to deal with the bank would not in any way affect his right to recover. Upon the facts as stated, therefore, we should say that his suit can be maintained.

COLLATERAL NOTE.

Artesia, N. M., Dec. 23, 1906.

Editor Bankers' Magazine:

Sir: Please publish in your next issue the best forms of note for collateral securities. S. R. Gaidry, *Assistant Cashier.*

Answer. The following is recommended as a good form of note to be taken where collateral security is given to the bank.

$.................. ....190....
.... after date...............promise to pay to THE ....BANK, or order, at said Bank, ... Dollars, with interest, at.............per cent. per annum, having deposited or pledged with said Bank, as collateral security for the payment of this note or any other liability or liabilities of.................to said..............................Bank, due or to become due, or that may be hereafter contracted, the following property, viz:
....
....
....
with such additional collaterals as may, from time to time, be required by its President or Cashier, and which additional collaterals...........hereby promise to give at any time, on demand. If these additional collaterals be not so given when demanded, then this note to be due, and rebate of interest taken shall be allowed on payment prior to maturity. And...........hereby give to said Bank, its President or Cashier, full power and authority to sell and assign and deliver the whole or any part of said collaterals, or any substitutes therefor or any additions thereto, at any Brokers' Board, or at the Exchange or elsewhere, at public or private sale, at the option of said Bank, or its President or Cashier, or either of them, on the non-performance of the above promises, or any of them, or at any time thereafter, and without advertising or giving to.............any notice or making any demand of payment, and to purchase the said collateral, or any part thereof, at any such public or private sale or sales, freed and discharged of any and all equity of redemption whatsoever.

....

PAPERS LEFT IN CUSTODY OF TRUST COMPANY.

New York, Jan. 11, 1907.

Editor Bankers' Magazine:

Sir: If I leave bearer bonds or any other kind of papers either in a sealed bundle or not for safe custody (and a receipt in all cases be granted) with a bank or trust company, must I ask a new receipt every few years so as to prevent the papers becoming the property of the bank or trust company. Subscriber.

Answer. Where a trust company or bank has received bonds or other securities for safe-keeping, and has issued a receipt therefor, such receipt does not become ineffectual merely by lapse of time. But where the deposit is for safe-keeping only, then in any controversy about the securities—as for example where they have been lost—it might be claimed that they had been delivered, without a surrender of the receipt, and to rebut any such claim, and the inference which might be drawn from the long delay, it would be better to have a receipt of a comparatively late day; and hence we think that in such case the safer course would be to have a new receipt issued, say once in every five years. Where, however, the bank or trust company is collecting the income on the securities and paying it over to the owner, then, as each payment is a recognition of the fact that the bank still holds the securities, no new receipt would be necessary.

PLACE OF PROTEST OF DEMAND NOTE.

Milwaukee, Wis., Jan. 9, 1907.

Editor Bankers' Magazine:

Sir: Can a demand note, payable at a specified place, be properly protested, if not paid when demanded, at another place?

Cashier.

Answer. No. The Negotiable Instruments Law, which has been in force in Wisconsin since 1899, provides: "Presentment for payment is made at the proper place.

(1) Where a place of payment is specified in the instrument and it is there presented; (2) where no place of payment is specified, but the address of the person to make payment is given in the instrument and it is there presented; (3) where no place of payment is specified and no address is given, and the instrument is presented at the usual place of business or residence of the person to make payment. (4) In any other case, if presented to the person to make payment wherever he can be found, or if presented at his last known place of business or residence." (Sec. 1678-3.) Under this section, a note payable at a specified place is not properly presented for payment unless presented there, and demand made at any other place is not sufficient. And as the paper cannot be deemed dishonored until after due presentment has been made, a protest cannot be based upon a presentment elsewhere.

CHATTEL MORTGAGE ON LUMBER.

POMONA, MO., Dec. 30, 1906.

Editor Bankers' Magazine:

SIR: I should like to have you answer the following question through THE BANKERS' MAGAZINE. If this bank should take a chattel mortgage on 100,000 feet of lumber located upon a certain yard described in the mortgage, where the owners of the yard were continually buying and selling, could we hold any lumber found on the yard not to exceed the number of feet called for in the mortgage if it should become necessary to make a foreclosure? I. A. SMITH, *Cashier.*

Answer. This would depend upon the terms of the mortgage Where, as in this case, the parties contemplate that the chattels will be changed from time to time, it is usual to insert a clause to the effect that the mortgage shall apply to such personal property as the mortgage shall acquire in the future. While such a provision does not pass any immediate title to such property, yet it creates an equitable lien which will attach to the subject matter immediately upon its coming into existence and create a valid title therein as against the mortgagor, without any further act on the part of the mortgagee. (Page vs. Gardner, 20 Mo. 507; Wright vs. Bircher, 72 Mo. 170; Frank vs. Playter, 73 Mo. 672; Rutherford vs. Stewart, 79 Mo. 216; Beall vs. White, 94 U. S. 382; Butt vs. Ellett, 19 Wall. [U. S.] 544; Pemock vs. Coe, 23 How. [U. S.] 117.) Hence, in the case stated by our correspondent, the mortgage would attach to any lumber found in the yard, not exceeding the number of feet mentioned in the mortgage.

A "PLUNGER OF BENEFICENCE."

IN a new book by F. G. Wells—"The Future of America"—appears the following in regard to our great founder of libraries:

"And through the multitude of lesser, though still mighty, givers, comes that colossus of property, Mr. Andrew Carnegie, the jubilee plunger of beneficence, that rosy, gray-haired, nimble little figure, going to and fro between two continents, scattering library buildings as if he sowed wild oats, buildings that may or may not have some educational value, if presently they are reorganized and properly stocked with books. Anon he appals the thrifty burgesses of Dunfermline with vast and uncongenial responsibilities of expenditure; anon he precipitates the library of the late Lord Acton upon our embarrassed Mr. Morley; anon he pauperizes the students of Scotland. He diffuses his monument throughout the English-speaking lands, amid circumstances of the most flagrant publicity; the receptive learned, the philanthropic noble, bow in expectant swaths before him. He is the American fable come true; nothing seems too wild to believe of him and he fills the European imagination with an altogether erroneous conception of the self-dissipating quality in American wealth."

SAVINGS BANKS

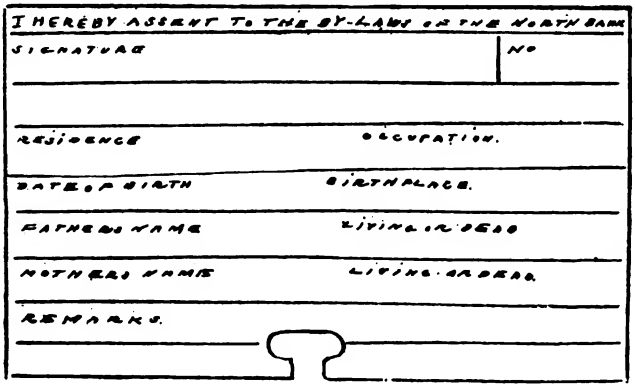
A MODERN SAVINGS BANK.

BY ARTHUR A. EKIRCH,

SECRETARY NORTH SIDE SAVINGS BANK, NEW YORK.

WITHIN the last five years numerous changes have taken place in the system of handling accounts and the general clerical work used in savings banks.

In opening an account with a modern savings bank the depositor, after placing his signature in a book used for this purpose, is also requested to sign a "signature card." As a time-saver the card system has never been equalled. Cabinets made of steel, and containing any number of drawers desired, are used for holding the numerous cards.


I HEREBY ASSENT TO THE BY-LAWS OF THE NORTH BANK

SIGNATURE

NO

RESIDENCE

OCCUPATION.

DATE OF BIRTH

BIRTHPLACE.

FATHER'S NAME

LIVING OR DEAD

MOTHER'S NAME

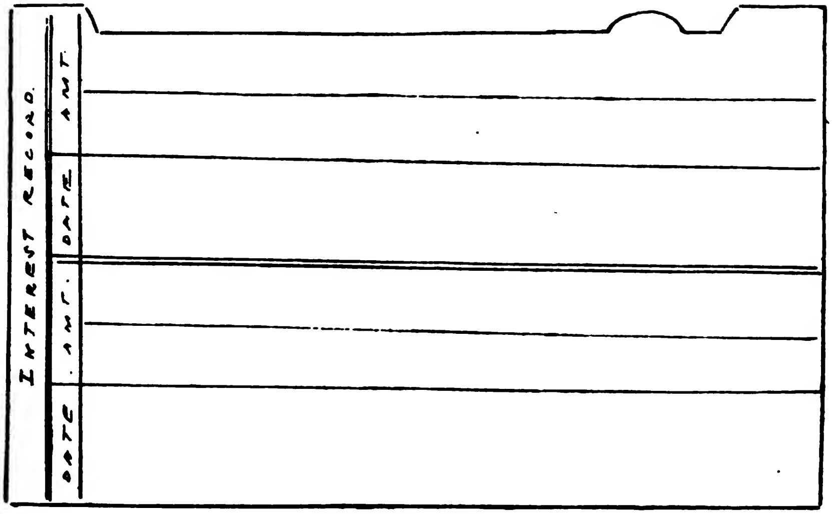
LIVING OR DEAD.

REMARKS.

SIGNATURE CARD.

These cabinets are usually made with rubber-tire wheels, and they can be rolled from the vault to the teller's cage with comparative ease.

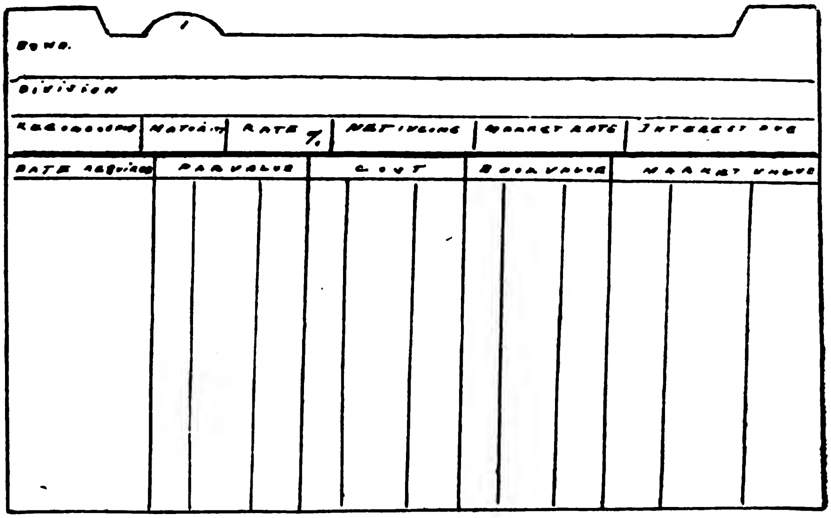
Now, let us compare the cards with the signature book. Before the card system was introduced the teller was obliged to look through heavy bound books for the signature desired, and in some of the smaller banks the books were found in a dilapidated condition, caused by the constant handling. If the teller desired to look up a signature in the book in use at the new account window, he was obliged to leave his cage and delay the signature clerk in the course of opening a new account, and at the same time causing a delay at his own window.



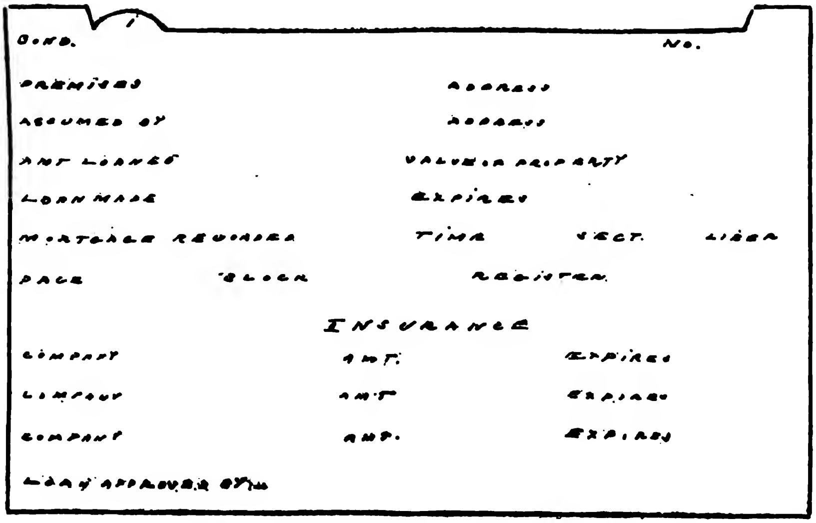
INTEREST RECORD.

An institution doing away entirely with the signature book, and using the cards only, will find this method a great space-economizer. For instance: A bank opens 1500 accounts during the year and closes out 700; this leaves in the cabinet eight hundred open account cards, the other seven hundred being filed away in the vault for future reference.

Let us compare with this system the old depositor's ledger, usually containing six accounts to the page. After an account becomes active and the space allotted for such account is utilized, the bookkeeper is



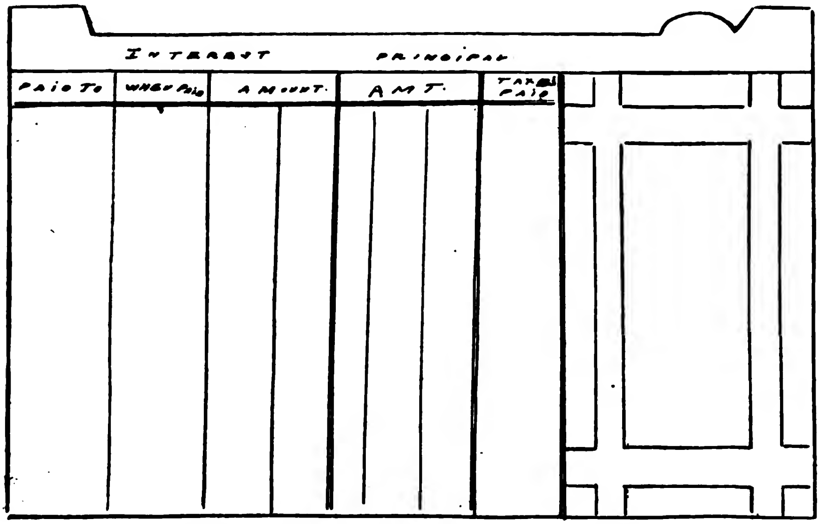
STOCK AND BOND LEDGER (Front).



BOND AND MORTGAGE LEDGER (Front Card).

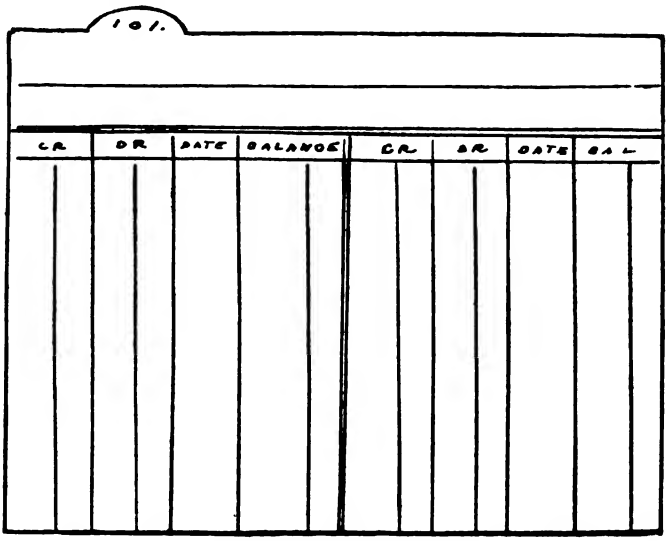
obliged to transfer the account to the rear of the ledger, where forty or fifty pages are left for such purpose.

In looking up an account in the ledger which has been transferred, the clerk is obliged to refer to the original number and turn to the rear pages for the desired information. In closing out an account the space is ruled off and stamped "Closed," but still remains in company with the open accounts to take up room and cause the bookkeeper's eye to glance at it every time a trial balance is taken off.



BOND AND MORTGAGE LEDGER (Reverse Side).

With a ledger consisting of cards, they can be referred to in an instant, closed accounts readily withdrawn and filed away (as with the signature cards), leaving a perpetual ledger with live accounts only. In transferring an account in the card ledger the back of the card is also used. This allows double the space obtained in the old ledger. When both sides of card are filled, a new one with number to correspond to the first, is inserted in the cabinet next to the original card. This saves considerable time in referring to transferred accounts. Every card is complete in itself, no matter how active the account may be.



DEPOSITORS' LEDGER (Card).

The adding machine with balance-sheet attachment is being used by a number of savings banks, and has proved to be a great saver of time, besides accomplishing much neater work than could be done with the pen. If the card ledger and adding machine are both used, it is very simple to stack a pile of cards, running in order, on the racks of the machine and take off the balance in the same way as checks would be listed for the clearing-house in a commercial bank.

The first and foremost advantage of the adding machine in taking off balances is the correction of the footings of each page.

NEW YORK SAVINGS BANKS.

FROM the recent annual report of Hon. Frederick D. Kilburn, Superintendent of the Banking Department of the State of New York, we take the following referring to the savings banks of the state:

Gain in Total Resources.

Six savings banks were authorized during the past fiscal year, and one other since the new year began. These are: Hamburg Savings Bank, Brooklyn; The Bronx Savings Bank, New York; People's Bank for Savings, New Rochelle; Sumner Savings Bank, Brooklyn; The State Savings Bank, New York; Amsterdam Savings Bank, New York; Home Savings Bank, Brooklyn.

The whole number of savings banks now in the state is one hundred and thirty-seven, though two of the new ones have not as yet opened for business. Their aggregate resources on the first of July last, the date of their latest reports, were $1,444,444,492.30, and the amount due depositors $1,335,093,053.62, which was a gain for the twelvemonth of $76,751,896.89 in resources, and of $82,164,753.80 in deposits; a magnificent and impressive growth surely, and yet many millions short of the showing for the preceding year, during which resources increased ninety-two and a half million dollars, and deposits over eighty-six and three-quarters millions. Yet the year which ended with June last started to make even a better record than its predecessor, the gain in deposits from July first, 1905, to January first, 1906, having been close upon seven million dollars more than in the corresponding six months in 1904; but for the second half of the year the gain in 1906 was over eleven and a half millions under that for the same period in 1905, notwithstanding the amount deposited in the first six months of 1906 was more than thirty-one million dollars in excess of that for the same period in 1905. The tremendous increase of thirty-nine million dollars in withdrawals in the first half of 1906 tells the story. . . .

Increase of Withdrawals.

The increase in withdrawals appears to have been general, and to have occurred in interior cities as well as in New York. Various explanations are suggested. The unprecedented activity and prosperity in business, creating a good demand for money, is undoubtedly in part responsible, and the fact that during at least a part of the year high-class investment securities have been purchasable upon bases which would net the investor a larger return than the customary interest rate in savings banks would probably account for a further part. But in New York, in particular, the remarkable real estate movement is regarded as the principal factor. It is known that thousands of savings bank passbooks were held in the latter part of the first half of the current year as collateral for loans by title and trust companies, which loans had been negotiated for realty transactions, and were payable on the first of July. Three savings banks alone in the metropolis had withdrawals on that date to the amount of approximately a million dollars each, and in circumstances that warranted the understanding that the money was for payments for land. Where these transactions stand actually for the acquirement of homes they need give no occasion for regret, and can not signify imprudence nor any departure from the habit of saving, nor any decrease in the thrift and prosperity of the depositors. In so far as they may have been speculative, however, while the results to date may be favorable, the procedure is not without risk, and is one in which the average person whom the savings banks are designed to serve can not wisely engage.

The Superintendent says that there is an exaggerated idea of the amount of deposits usually styled "dormant." He estimates that the total of dormant accounts in all savings banks must be well under a million dollars—barely six one-hundredths of one per cent. of the total resources.

Amortization of Premium Accounts.

There has hitherto been no uniformity of procedure by savings banks in the matter of dealing with the premiums paid upon the purchase of investments, or with the discount in cases where securities are bought at prices below par: but at its annual meeting last May, the State Savings Banks Association pronounced in favor of instituting such a system universally. The movement has the cordial indorsement of the Superintendent, who will co-operate in it by modifying the forms for the reports of the savings banks, so that it will be necessary, after the lapse of a reasonable time, for them to conform to it. The plan is, briefly, that a proper proportion of the premium or discount upon interest-bearing securities which constitute the investments of the savings banks shall be written off at fixed periods, so that the premium or discount shall be exactly annulled at maturity, and the value of the security so be brought to par at that date. The scheme is, of course, that every investment shall be carried always upon the same basis, or investment value. For illustration, if a four per cent. bond, having, say, thirty years to run, be bought at 107.30, the income basis for the entire life of the investment would be 3.60. It should, therefore, be carried at the expiration of, say, twenty years at a valuation of 103.33, and at other periods at such figures as are readily determinable by consulting the standard tables of bond values. The shrinking or amortization, where a premium is to be eliminated, or the gain in case of a discount, should be provided for by adopting a new valuation at the end of each six months. No other course is justified by sound principles, and by no other can uniformity be had in exhibiting the real condition of the various savings banks. Most of the larger of these institutions have heretofore practiced charging off the entire premium at the time a purchase was made, and as to these the effect of the change will be to add at once considerable amounts to their apparent book surpluses, while in the case of banks which have been accustomed to treat the entire interest received from investments as income, and to distribute it in dividends, there will be a depletion in their apparent surpluses. Manifestly the amortization of a premium account is to be regarded practically as an expense, and dividends ought not in any case to be in excess of actual expenses plus the requirements for amortization.

Branches of Savings Banks.

It is advised that the Banking Law be amended so as to permit savings banks to open and operate branches. In New York city in particular, and not improbably in other cities as well, though perhaps in lesser degree, there is continually proceeding a development in industry, business and population in outlying districts which calls more or less urgently for savings bank facilities. It is believed that conditions must be exceptionally favorable in order to justify the creation of a new organization of this character, for it would be at a disadvantage in competing with established savings banks whose records of success wholly command public confidence, and whose accumulated surpluses contribute to their ability to maintain the payment of interest on deposits at the rates prevalent. The investments which savings banks are permitted by law to make yield but a low percentage of income, and time, patience and wisdom of management are essential to assure a substantial growth in deposits and adequate earning capacity in the case of a new bank. It is the policy of the Department, and has been for a good many years past, to require as a condition precedent to the authorization of a new savings bank, that its proposed trustees give a joint and several bond, by the terms of which they undertake personally to defray all of its expenses until such time as its earnings shall become sufficient to pay interest to its depositors at a rate of not less than three and one-half per centum per annum, and all expenses. The conditions thus combine to make the starting and the early conduct of a savings bank a somewhat formidable undertaking, with the consequence that undoubtedly a good many localities, in our largest and busiest cities at least, are kept in lack of the facilities and beneficial influence which a good savings bank affords, and which they might enjoy, as I believe, if savings banks were privileged to have branches. The scope of the plan should, in my judgment, extend no further initially than to authorize a savings bank, subject to the approval of the Superintendent of Banks, to conduct such branches in the same city where its principal office is. If the experiment should be justified by experience, as I am confident that it would be, it might eventually be extended to permit such branches to be conducted at points more remote from the parent institution, and so serve in this respect the thirty counties in the state within which no savings bank is now located, and which, failing this method of securing such accommodations and advantage, are likely to go long without them.

SAVINGS AND INSURANCE.

FRENCH thrift and French savings permeate the nation to such an extent that home government bonds are held by the French people, principally the industrial classes, to the extent of over five billion dollars. How the Republic begins early to inculcate the savings habit in the people is explained in the following article by J. Martin Miller, United States consul at Rheims:

"The public schools of France teach the pupils, both boys and girls, how to save money by depositing regularly in the Government savings banks, no matter how small the amount. The Government will furnish money to all public school pupils, under certain conditions, with which to help start an account to provide an income in old age. Pupils attaining certain degrees of proficiency in their classes receive as prizes bank books with ten francs (franc 19.3 cents) credited in each. It is demonstrated to them what this will amount to at compound interest at three per cent. when twenty-one years of age, also the amount they will have saved at that age if they deposit regularly one franc a week, one franc a month, etc.

The teachers of the public schools go out among the leading citizens annually just before the school year ends and ask for contributions in cash with which to make the savings bank book prizes. In most communities there is no trouble in raising what is needed. After the account is opened the teachers accept deposits from the pupils, and when one franc or more has been paid to the teacher by any pupil the amount is taken to the bank and credited in the book.

Sick and Old Age Benefits.

Another plan opens to all pupils a means which provides an annuity in old age. Each pupil can deposit as much as he or she can, daily or weekly, up to ten centimes (two cents) per day, one-half of which applies to the fund for an old-age pension, and one-half is deposited with the school for a fund to be available in case of the sickness of the pupil or the parents. For instance, the pupil who deposits upon this plan ten centimes a day (less may be deposited if desired) will have five centimes placed to his credit in the Cash National of Pensions for Old Age, and five centimes, the remaining one-half, will be held by the school for a sick fund to be paid out to the pupil in case of his own sickness, or that of either of his parents upon whom he depends for support, but not to exceed seventy-five centimes (fifteen cents) a day as long as the money the pupil has credited to him in the sick fund lasts.

For every account of this kind the Government will, annually, give each pupil one-half the amount he has paid the school in this way, being a sum equal to the amount the pupil has credited to him for a fund to provide a pension in old age. So it turns out in the end that the pupil has all the money he paid in credited to him on the old-age pension account, and has in addition a sick fund to draw upon if needed. In case the sick fund is not used it is finally deposited to the credit of the old-age pension fund.

All teachers of each school make regular reports to the superintendent regarding the deposits of pupils, and the superintendent reports to the minister of education at Paris, and the accounts, as well as all school matters, are inspected frequently by the traveling inspectors.

Savings Banks and Government Bonds.

No savings account in the Government savings banks is allowed to exceed 1,500 francs. This does not apply, however, to the Caisse Nationale des Retraites pour la Vieillesse. When an account has reached that sum the depositor is given notice of the fact and is informed that the money will be invested for him in Government rentes, nonredeemable bonds bearing three per cent. interest. If the depositor does not respond or withdraw his money within three months after the date of this notice, the manager of the bank will invest the money in Government rentes and hold the bond subject to the disposal of the depositor. While this bond is not redeemable by the Government, it can be disposed of at any time to any bank for practically what it cost, the market value varying but little. After the 1,500 francs are thus disposed of the depositor must open a new savings account if he desires to continue. This method of investment is so popular with the farmers and peasant class that 22,221,660,644 francs, or $4,288,780,504 in rentes have been bought, principally by the working people of France.

There is another kind of Government bond, l'amortissable, also bearing three per cent. interest, and is redeemable by annuities, but the masses of the people do not understand it and it is not popular. Its lack of favor is indicated by the fact that but 3,712,260,500 francs, or $716,466,-276 of this class of bonds have been sold, or a total of both kinds of $5,005,246,780. The total debt of France amounted to $5,878,822,695, the figures being for 1905. So it will be seen that the bulk of the debt of France is represented in these bonds, held pricipally by the industrial classes.

There are two kinds of savings banks under Government control. The Caisse d'Epargne has banks in the principal towns and while the Government does not own that system it is under its direct control. Deposits in the postal savings bank can be made at any post-office. The Cash National of Pensions for Old Age, guaranteed by the State and under its control, is more of an old-age pension and life insurance institution than a bank. Children can have an account opened for them when they are three years of age.

Government Life Insurance Policies.

There are two kinds of accounts, capital aliene and capital reserve. A capital aliene account provides for the payment of a certain sum after the age specified (never before fifty) but the policy holder gets only the annuity during life, the amount paid in going to the institution when the policyholder dies. The annuity of a capital reserve is smaller, but the amount paid in goes to the heirs of the policyholder at his death. Thus an investment in the capital aliene of 100 francs at three years of age will yield a pension of 51.22 francs if it begins at 50 years; 74.66 francs, beginning at fifty-five years; 114.77 francs, beginning at sixty years, and 190.32 francs, beginning at sixty-five years. Or if the 100 francs are invested at twenty years of age, the annuity would be 26.18, 38.16, 58.66, or 97.27 francs, if begun respectively at fifty, fifty-five, sixty, or sixty-five years. Illustrating what an investment of 100 francs in the capital reserve account will produce as a pension, when the amount invested is to go to the heirs of the policy holder at his death, deposited at three years, would yield 41.15, 59.98, 92.21, or 151.91 francs, respectively, from fifty, fifty-five, sixty, and sixty-five years; while if deposited at twenty years would return an annuity of 18.99, 27.63, 42.56, or 70.58 francs, from fifty, fifty-five, sixty, or sixty-five years.

These policies may be purchased by members of either sex at any age from three to sixty-five years. In case the parents, or anyone for the child, should take out a policy at three years of age on the capital reserve plan, with a pension to begin at fifty and the child died at any age before fifty, its nearest relatives would get the amount paid in. If, however, the policy is on the capital aliene plan the amount invested goes to the institution.

The institution has been under the guarantee of the Government since June 18, 1850. It now has 2,065,148 policyholders and has had during its history 33,466,524. It now has 248,369 pensioners to whom it pays annually $6,870,855, or an average of nearly $28 each, and has paid insurance on account of the death capital reserve policyholders from the beginning $54,840,983. Altogether, since the foundation of the Caisse Nationale des Retraites pour la Vieillesse, there has been paid in as premiums by the policyholders $219,000,339."

MAINE SAVINGS BANKS.

ACCORDING to the recent report of Hon. Wm. B. Skelton, Bank Examiner of Maine, there are fifty-one savings banks in that state, with deposits amounting to $82,677,981. The following figures are given regarding deposits and withdrawals:

Deposits, October 28, 1905		$79,115,188.66
Deposited during the year	$16,763,271.24	
Dividends added during the year	2,702,887.30	
	$19,466,158.54	
Withdrawn during the year	15,903,365.95	
Increase in deposits		3,562,792.59
Deposits, October 27, 1906		$82,677,981.25

BANK BESIEGED BY DEPOSITORS.

RUNS on banks by depositors who wish to get their money out are not a novelty; but a New York savings bank recently had a "run" of a kind not so common. It was besieged with a crowd of depositors who were anxious to get their money in so that it would begin drawing interest on January 1.

PLAINT OF JOHN ADAMS.

THE fashion of carping at the reign of vice and corruption is not a new one. In 1776 John Adams wrote to his wife: "There is too much corruption even in this infant age of our republic. Virtue is not in fashion. Vice is not infamous. * * * The spirit of venality you mention is the most dreadful and alarming enemy America has to oppose. * * * It is as rapacious and insatiable as the grave. * * * This predominant avarice will ruin America, if she is ever ruined. I am ashamed of the age I live in."

LETTERS TO THE EDITOR

OUGHT BANK CLERKS TO BE GOOD-NATURED? YES.

Editor Bankers' Magazine:

SIR: In the January number of THE BANKERS' MAGAZINE Mr. J. H. Griffith has an article entitled, "Ought Bank Clerks To Be Good-Natured?" Certainly, why should they not be good-natured, as much so as the clerks in any other business office or store? He says: "In large cities, where there are tellers and clerks, etc., the good or ill-natured clerk or teller has very little influence upon the patrons of the bank." After a bank has sent out a solicitor (as many of the city banks are now doing, to influence accounts and spending hundreds or possibly thousands of dollars per annum in advertising) and these people present themselves at the counter of the bank only to be met by "a crabbed, quick-tempered clerk, who keeps the customers at arms' length, saving the bank a lot of time and money," half of the good work of the solicitor and advertising would be counteracted. No bank pays the teller or clerk to drive customers from the counter if a bank is to be popular with the masses. Does it not receive its deposits from them? And how many banks have ever been able to exist without friends and deposits? While the good-natured clerk is making change for the small newsboy, explaining the intricacies of a check or draft to the farmer, and assisting the ladies and children, any reasonable man will readily acknowledge he is making friends of all these people, not for himself but for his institution, which will live a great many years longer than the clerk or teller, and he should remember that in a few years the newsboy and the children will be our prosperous business men and possibly depositors of his institution, as children have long memories and may forget the teller, but not the location of the building. And, in this age of competition among banks for new business, the bank that has for its clerks or tellers men of pleasant manners and good nature will grow faster than the one that has the unpopular, crabbed clerks.

He says the crooks will impose upon the good-natured clerk. Why should they, any more than upon the crabbed clerk? Every teller has to be on the alert at all times for such people, and a clerk with any judgment or common-sense knows when to talk of the weather or other subjects.

While Mr. Griffith says the crabbed clerk saves the bank a lot of money and time, he does not give the good-natured clerk credit for making more money for his institution by increasing the business and popularity of his bank.

I have had several years' experience in a bank with one and a half million dollars deposits, doing a commercial business in a town of thirty thousand people, and I have not considered that the time spent in being agreeable to depositors or prospective customers ever lost any money for the institution, but have had customers come to the counter and complain of the crabbed treatment they received at other institutions, which I think is one of the best evidences of the drawing power of good nature in a bank clerk.

Mr. Griffith also says: "He should put himself, in imagination, in the place of the customer and treat others as he would like to be treated himself." Is not that exactly what the accommodating and good-natured clerk strives to do?

No, Mr. Griffith, you are entirely wrong in your idea of the kind of a man a teller at any institution, large or small, should be when you say he should keep every customer at arms' length, etc., and I do not believe you will find one per cent. of the employers of the country will agree with you in your statements. It is the popular man in every walk of life that succeeds.

It is the popular merchant that does the largest business, the popular salesman that gets the largest orders and it is the popular teller or clerk that influences and holds the most deposits, and good nature, which Mr. Griffith finds a worthless asset, is the very essence of popularity to-day.

R. B. Parrish,

Northfork, W. Va. *Cashier First National Bank.*

BRITISH CITIZENS' INCOME.

Noting that all persons in the United Kingdom whose incomes exceed $850 per annum are assessed for income tax, Consul R. W. Austin, of Glasgow, summarizes an official report just issued, showing the amounts assessed for the year ended April 5, 1905, which indicates the various gross incomes in that country:

Under the heading of businesses, professions, and employments, it appears that there were assessed 456,571 persons with gross incomes amounting to $624,349,605; 57,244 firms with a gross income of $420,-244,765; 30,129 public companies with a gross income of $1,204,046,-240, and 9,582 corporations and other local authorities (assessed for profit or interest) with a gross income of $99,068,330. The total gross income was $2,347,708,940.

Dealing with the incomes of individuals the report shows that there were assessed in Great Britain 6,137 persons with incomes over $5,000 and not exceeding $10,000; 1,405 with incomes of over $10,000 but below $15,000; 538 with incomes over $15,000 and below $20,000; 304 over $20,000; 442 with incomes over $25,000 but not exceeding $50,000; 212 with over $50,000 but not exceeding $250,000; and 24 whose incomes exceeded $250,000.

BOOK REVIEWS

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

JOHN SHERMAN. By Theodore E. Burton (American Statesmen Series). Boston and New York; Houghton, Mifflin & Co. (Price, postpaid, $1.37.)

In summarizing the career of Senator Sherman, the author well says: "The political and financial history of the United States from 1855 to 1898, the period of Mr. Sherman's active participation in public life, is characterized by a record of events which in importance is not surpassed by that of any equal period in the history of any nation. In nearly all of these events he had part; in very many he was prominent, and in a considerable number he was the central figure. So closely was he associated with the stirring scenes and the remarkably progressive movements of this time that his biography is virtually a history of his country during these forty-three years."

This biography will be found especially interesting to bankers and to all students of the country's financial history. Mr. Sherman was the author of the act for the resumption of specie payments, and as Secretary of the Treasury carried its provisions into effect. He introduced into the Senate the bill which afterwards became the National Banking Act, although not himself the author of the bill. His services in bringing the country to a sound money basis, after the long period of suspension of specie payments consequent upon the outbreak of the Civil War, entitles him to a high rank among American statesmen.

THE BANKERS' MAGAZINE hopes at some future time to review these services at greater length.

Mr. Burton is both thorough and impartial, and has produced a work of rare value to financial students.

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MONEY AND CURRENCY, IN RELATION TO INDUSTRY, PRICES AND THE RATE OF INTEREST. By Joseph French Johnson, Professor of Political Economy, Dean of the School of Commerce, Accounts and Finance of New York University. Boston and New York: Ginn & Company. (398 pp. $1.75.)

The literature of monetary science has been enriched during the last few years by several new works of value. The older works of Jevons and Walker have been supplemented by "Money and Banking" by Horace White; "Money and Banking" by Professor Scott, of the

University of Wisconsin; the suggestive monograph on the value of money by Professor David Kinley; and more recently by the elaborate work on the "Principles of Money and Banking" by Charles A. Conant, recently reviewed in these columns. Professor Joseph French Johnson has added a new treatise which differs in some respects from the others and is likely to make a niche for itself in the class-room as well as in the library of the student. Professor Johnson had a valuable practical training as financial editor of the "Chicago Tribune," and he has recently come more closely in contact with actual business relations as head of the School of Commerce of the New York University than is the case with the average professor of political economy. For these reasons his book is constructed in a clear, forceful and practical manner, which appeals strongly to the general reader and student. Professor Johnson relies more upon his own conclusions and less upon citation than some other writers, but supports his conclusions with notes where he deems it absolutely essential.

The old problem of the relation of money and credit to prices is discussed carefully and in a temperate and intelligent manner which differs from that of the extreme advocates of the quantity theory on the one hand and those who deny that quantity of money has anything to do with prices on the other hand. More is said about the rate of interest than in most works devoted exclusively to money, but this chapter is given a practical turn by the discussion of the relation of the interest rate to the money market and to actual business transactions. Professor Johnson sums up his conclusions in the maxim that, "The rate of interest depends on forces distinct from money, but with these forces changes in the relation between the demand for and supply for money are likely to interfere." The question of the multiple standard is discussed, but the opinion is expressed that "whatever may be thought of the justice or injustice of the commodity standard, it is the one which the world has unconsciously adopted, and no amount of theorizing about its defects can bring about an immediate change."

Professor Johnson gives considerable space to the theory of international bimetallism, whose seeming symmetry has attracted so many fine minds, but he admits that the question has passed beyond the domain of practical affairs. He also discusses somewhat more carefully than many writers the subject of fiat money, agreeing in the main with the conclusions reached by Mr. Conant in his recent work, that fiat money derives its value in part from its monopoly of the field of monetary instruments as well as from its character as a promise to pay.

The concluding chapter of Professor Johnson's book is directed to the question, "Is the gold standard secure?" special reference being made, of course, to the United States. He calls attention to the essentially unsound character of the present bank circulation based upon bonds. He points out that during the recent operation of the "endless chain" in 1894-95, when gold was being steadily withdrawn from the Treasury for export, the expansion of the bank-note circulation was promoted by the issue of bonds to strengthen the Treasury gold reserve and that again in recent years the increase in bank-note circulation has followed the prices of bonds rather than the demands of the market for currency. This is a point which is decidedly pertinent at this time, when the project of putting our bank-note currency upon a sounder basis is under serious consideration. Professor Johnson appreciates keenly the difficulties of a proper solution of the problem and admits that the chances are not bright for the creation of a central bank.

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SELF-PROPELLED VEHICLES. A practical treatise on all forms of automobiles, by James E. Homans, A. M., Fifth Revised Edition, entirely rewritten. New York: Theo. Audel & Co. (Price $2.)

The author has emphasized the practical aspects of motor vehicles of all powers, confining his space to the discussion of matters fundamental in construction and management. It is a book that fulfills the requirements of the motor vehicle owner, operator and repairer.

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MOODY'S CLASSIFIED INVESTMENTS. Price $10. New York: Moody Publishing Co.

This volume contains classified lists of the security holdings of savings banks, insurance companies and other financial institutions throughout the United States and Canada, and will be found useful for reference purposes by bankers, bond dealers, and investors.

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DIRECTORY OF DIRECTORS IN CANADA. Edited by W. R. Houston, Toronto: Houston's Standard Publications.

Contains an alphabetical list of directors and officers, the companies with which they are connected, addresses, etc.; also classified list of companies, their place of business, directors and officers.

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YEARBOOK OF LEGISLATION. Edited by Robert H. Whitten, Albany, N. Y.: New York State Educational Department.

We have so many law-making bodies in this country, most of them busy a considerable part of nearly every year making new laws, that it is exceedingly hard to keep track of the flood of fresh legislation. One who has the Yearbook of Legislation will find it a great aid in this respect. It contains a digest of Governor's messages, summary and index of legislation, and a review of legislation. As the new laws of all the states and territories are summarized, by subjects, the book is exceedingly valuable for reference. The review of legislation contains a concise and interesting exposition of the general trend of legislation in the several states.

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FOUR CENTURIES OF THE PANAMA CANAL. By Willis Fletcher Johnson, A. M., L. H. D. (Price $3; postage additional.) New York: Henry Holt & Co.

One might infer that after a lapse of four centuries, with no canal yet in operation, the outlook was rather gloomy. But it should be remembered that President Roosevelt has only recently tackled the job.

Mr. Johnson has written an entertaining history, and it appears to be thorough and impartial. The story of the failure of De Lesseps is fully recounted. There is no feeling on the part of the author that the American Government will repeat the costly and disastrous experiences of the French Company, but he is confident that our efforts to unite the two oceans will be successful. It is doubtful if many Americans really appreciate the magnitude and importance of this enterprise. They will find out a great deal about it by reading Mr. Johnson's history and they will be entertained at the same time.

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THE INVESTMENT OF LIFE INSURANCE COMPANIES. By Lester W. Zartman, Ph. D., Instructor in Insurance, Yale University. New York: Henry Holt & Co. (Price $1.25; postage additional.)

There is much in this volume of interest to bankers, and especially to the officers of savings banks and trust companies. The cost and yield of different classes of investments will be found particularly instructive. It is interesting to note the great changes that have taken place in the character of the assets of the insurance companies. In 1860 mortgage loans constituted 59.2 per cent. of the total and 28.8 per cent. in 1900. In 1860 corporation stocks and bonds amounted to but 3.2 per cent. of the total assets of the companies. In 1900 the proportion had increased to 37.7 per cent.

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THE LABOR MOVEMENT IN AUSTRALASIA: A STUDY IN SOCIAL DEMOCRACY. By Victor S. Clark, Ph. D. New York: Henry Holt & Co. (Price, $1.50; postage additional.)

This volume is rendered timely by the recent recommendation of the American Federation of Labor, that the trade unions of the United States should enter the next political campaign. It shows what has been the result of the adoption of the labor programme in the States of the Australian Commonwealth, and what might be expected here were a similar programme carried out. The eight-hour day, old-age pension, industrial arbitration, a minimum wage, State-owned railways, etc., etc., are some of the things the Australians already have, and which many people in America are evidently longing for. A study of the experience of the Antipodes in the struggle for industrial and social betterment will at least afford Americans an opportunity to look before they leap.

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A CHEERFUL YEAR-BOOK. By F. M. Knowles; illustrations by C. F. Lester; introduced by Carolyn Wells. New York: Henry Holt & Co.

On one side of each page of this cheerful book is space in which to record engagements and other serious matters; on the other side are clever illustrations and "philosophic and moral aphorisms for the instruction of youth, the inspiration of maturity and the solace of age." Here are a few of the samples, with no attempt on our part to classify them:

"Strange, that the smaller a girl's foot, the bigger her shoe-bill."

"The greatest compliment to a woman's beauty is to treat it as too evident for comment. But they don't like that kind of compliment."

"An ambitious man is never really happy. An unambitious man is never really alive."

"He who thinks he knows man, may be a philosopher. He who thinks he knows woman, is a fool."

"The man who stays at home every night and avoids a row with his wife, is a sage. He who comes home at three every morning and avoids a row with his wife, is a genius."

"Riches don't constitute happiness; but they give a man a chance to go out and look for it."

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Credit and Its Uses. By William A. Prendergast. New York: D. Appleton & Co.

Not only are the general principles of credit set forth, but the author gives them an application of special interest and value to bankers. The credit department of a bank occupies a prominent place in the book, and its practical workings are fully explained. A knowledge of credits, of course, lies at the foundation of successful banking. Mr. Prendergast's suggestions will be found helpful in pointing the way to obtaining information along this line, and how to analyze and weigh the value of it. "Credit and Its Uses" is a book that may be studied with profit by every banker.

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The Future in America: a Search After Realities. By H. G. Wells. New York and London: Harper & Brothers.

Mr. Wells found himself face to face with this problem: "What is going to happen to the United States of America in the next thirty years or so?" He came over from England expressly to find out, and though not without some misgivings, he comes at last to this conclusion: "It seems to me that in America, by sheer virtue of its size, its free traditions, and the habit of initiative in its people, the leadership of progress must ultimately rest."

That is a conclusion which ought to cause pessimistic Americans to take heart. Mr. Wells candidly but fairly points out some of our faults. He is clearly a friendly critic. His book is highly entertaining, too.

STOPPAGE OF FREE REMITTANCES.

According to "The Accountants' Magazine" of Edinburgh, the Scottish banks recently suspended the arrangement under which sums collected by the representatives of English firms from their customers in Scotland have been remitted to England free of charge. This step is said to have caused great irritation among English bankers and their customers doing business with Scotland, and it has even been rumored that some of the English banks have threatened to open branches in Edinburgh and Glasgow with a view to competing for business there. It is now thought, however, that an amicable arrangement will be arrived at.

GREAT FORTUNES NOT A MENACE.

THAT there is no inherent danger in great fortunes was the view expressed by Henry Clews, the well-known New York banker, in an address before the New York University School of Commerce, Accounts and Finance on the evening of January 14. Mr. Clews said, in part:

"In keeping with the undeserved abuse of wealth, which is entitled to no serious consideration, we are confronted by the bold assertion made by extremists, that some limit should be set to the amount of property an individual may own. The impracticability and inadvisability of any such measure are at once apparent. You might as well try to limit the capacity or energy of an individual. When you prevent an individual from accumulating you at once discourage his productiveness. This is an axiom beyond dispute.

Let us keep in mind the fact that, as Mr. Carroll D. Wright says, while we now have billionaires the poor are growing richer, and that, as pointed out by Bernstein, there is a very large increase in the number of persons paying taxes; and also, that the rich in America now own a smaller proportion of the total wealth of the country than they did fifty years ago. In view of these facts and the generally good use of wealth, as shown by its possessors, it would appear that the objections made to great individual wealth are without tangible foundation. It is the abuse, not the use, of wealth that is to be deprecated.

With the characteristic American way of keeping wealth actively employed and generously distributed, and with the very apparent growing sense of heavy personal responsibility that, in fortune building, seems always to develop, there need be no fear of any impairment or destruction of the institutions of our Republic from the accumulation of great individual wealth.

In the further consideration of this question let us bear in mind that there is very little idle capital in this country. Wealth is made to produce wealth, and there is no political distrust to cause hoarding. There is a wide field for the profitable employment of money, so it is kept employed in a multitude of channels, all of which contributes in various ways to our national growth and prosperity and our greatness among nations.

Progress in no other country ever equalled our own, and this is largely due to the activity and enterprise of the people in productive industries; and be it known our rich men are as active and enterprising as the rest. They are as ready as men less favored by fortune to seize opportunities for entering upon new money-making enterprises, and with their large means and singleness and independence of purpose they can often accomplish more than a company of men of smaller means, subject or liable to less unity of purpose."

BANKING IN CUBA.

CURRENCY SYSTEM—GROWTH OF FINANCIAL INSTITUTIONS.

CONSUL MAX J. BAEHR of Cienfuegos, states that Cuba has no currency of its own coinage.

The official money of the Republic is the United States currency, and all taxes and public debts are payable in the same, except fees of registers of property, which are collected in Spanish gold. In commercial circles (wholesale) Spanish gold is the basis of circulation, and in the retail trade and in the country Spanish silver is almost entirely used.

United States currency is always at a premium over Spanish gold, but this premium fluctuates according to the market demand for Spanish gold and silver. During the last year the American dollar was on an average equivalent to $1.09 Spanish gold, or $1.12 Spanish silver, the fluctation being ¾ in gold and from 1½ to 2 in silver.

The legal monetary system of Cuba is patterned after that of Spain. The centen, or 25 peseta, is of gold, and has an average value of $4.90 American money. The silver coins are with their relative value in American money: The peso—$1, peseta—20 cents, dos pesetas—40 cents, real—10 cents, and medio—5 cents. Bronze and copper 1-centavo (cent) and 2-centavo pieces pass current at their face value in sums not exceeding 1 peseta. For the Government the fixed value of the centen is $4.78 American, and the luis is $3.83. By the latter is meant all the French coins, and fourth part of a Spanish onza.

The Royal Bank of Canada has recently bought out the Banco del Comercio business, and is the Government's agent for the payment of the army of liberation. It has branches in Habana, Santiago, Camaguey, Manzanillo, and Cienfuegos. The Bank of Nova Scotia also has a Habana branch. The Spanish bank was incorporated on April 9, 1856, with a capital stock of $8,000,000, now divided into 80,000 shares of the par value of $100 each. It has a reserve fund of $456,000.

Progress of American-Cuban Bank.

The new building of the National Bank of Cuba in Habana is a large and sightly structure.

The present banking facilities of Cuba are inadequate. Under the tenure of Spain no effort was made to afford the Cubans an opportunity to bank their savings, nor were the usual channels, found in other countries for the distribution of money, given attention. On July 1, 1898, the President of the United States appointed the North American Trust Company of New York, fiscal agent for Cuba, and it continued to act as such until July 18, 1901, when the assets and business were transferred to the National Bank of Cuba. This bank was organized with a paid-up capital of $1,000,000 United States currency. It purchased part of the assets of North American Trust Company, and liquidated the company's business in Cuba.

The bank has a savings department which serves to bring money into circulation, in addition to the bank's capital. Local loans are made and used for the development of business in each section. The surplus of one section is transmitted for loans in other sections where there is a demand for money. This prevents the money from being concentrated in Habana, and gives facilities for the development of the several sections of the island, instead of one particular section. The bank has correspondents all over the world, and does the principal part of the exchange business with China. In the early part of 1905, the capital of the bank was increased to $3,000,000 and later to $5,000,000. Aside from the bank building in Habana, it is proposed to erect buildings of uniform design in the principal cities of the island where the branches are established. The growth of the deposits of this bank is as follows: December 31, 1901, $4,179,995.04; December 31, 1902, $5,026,885.82; December 31, 1903, $6,110,866.43; December 31, 1904, $9,455,585.21; December 30, 1905, $11,264,329.72.

A new banking institution is the Bank of Habana. This will have a capital of $2,500,000, United States currency, which will represent 2,500 shares of $100 each, and this capital will be raised to $5,000,000, when the board of directors shall propose it.

NEW COUNTERFEITS.

NEW counterfeit $10 (Buffalo) United States note.—Series of 1901: check letter D; the plate number on the note is indecipherable; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States.

The note is apparently printed from photomechanical plates on two pieces of paper between which a few widely distributed red silk threads appear. The numbering is particularly bad, the figures being too large and poorly printed. The back of the note is a much darker shade of green than the genuine. This note made its appearance in New York city.

New counterfeit $10 United States note.—Series of 1901; picture of Buffalo; check letter C; face plate No. 376; back plate No. 150; J. W. Lyons, Register; Charles H. Treat, Treasurer; serial number A5649615. A crudely executed process note which should not deceive the ordinary careful handler of money. One of the principal passers of this note, John H. Hand, was arrested by the police at Evansville, Ind., with nearly $1,000 in the bad notes in his possession. Some of the notes are thick and stiff and others are thin and flimsy. All look dirty. The serial number is the same on ninety of the notes inspected.

SELF-CONSTITUTED DISTRIBUTORS OF WEALTH.

THAT the great millionaires do not always show wisdom in the bestowal of their millions is indicated from the following dispatch from London:

"Prof. Sir William Japp Sinclair of Victoria University, Manchester, in a speech at Aberdeen voiced the numerous severe complaints of the evil effect of Andrew Carnegie's gift of $10,000,000 to the Scottish universities. He said that he had never met an Aberdeen graduate who did not denounce the influence of the gift."

BANKING PUBLICITY

ADVERTISING OF THE EQUITABLE TRUST CO.

IN common with some of the other New York trust companies the Equitable Trust Company is using small spaces in the daily newspapers, some of the copy being reproduced herewith. The Equitable was one of the pioneers in the use of this style of advertising, which is educational in its character and like other advertising of this sort is designed to acquaint the public with the functions of trust companies in general and with the facilities offered by this company in particular.

The announcements appear three times a week in leading morning and evening New York papers and the results appear in a general way to have been very satisfactory. While other influences have promoted the growth of the company it has always been a persistent advertiser and has built up total resources of $33,000,000, with a capital of $3,000,000 and surplus and profits of $10,500,000.

These ads. have been prepared under the supervision of Vice-President Lawrence L. Gillespie and are changed every issue. For the benefit of our readers we append a copy of the announcements:

EXPENSE. A reduction in expense means a corresponding increase in the net income of an estate.

WILLS. It has been said that "while nothing is more certain than death itself, nothing is more uncertain than the time of death." Have you made your will?

SECURITY. In banking institutions the capital, surplus and character of their investments are an assurance of security to the depositor.

SURPLUS FUNDS. A depository for surplus funds awaiting investment.

ESCROW. Following instructions absolutely, a trust company does not pay over the money or deliver the property until every stipulation has been satisfied.

EXECUTOR. When a corporation acts as your executor or trustee your wishes will be carried out.

ACCESSIBILITY. The officers of a corporation are accessible every day during business hours. The individual executor or trustee is sometimes hard to find.

THE RUNNING ACCOUNT is as much within the province of a trust company as is the administration of estates.

REAL ESTATE. Equipped to care for all matters in connection with real property.

AGENT. During your lifetime will act as agent in business affairs.

SERVICE. A corporation will not die, become insane nor neglect its duties in any fiduciary capacity.

TRUSTEES. Do you wish to place property in trust for the benefit of some individual or institution?

EXPERIENCE. The handling of many estates gives the trust company an experience that the individual does not have.

REAL ESTATE. Attends to all matters in connection with real property.

WILLS. Have you made your will? We can aid you in many ways.

STRENGTH. Capital, surplus and character of investments are an assurance of strength.

INCOME. We will collect your coupons, dividends and interest.

ESTATES. Entire management.

REGISTRAR. The stock of every corporation should be registered.

ESCROW. Money and securities held, under agreement, subject to the fulfilment of conditions.

TRUSTEE. Acts as trustee for an estate either under will or by agreement.

GUARDIAN. As a guardian, a trust company is in a better position than an individual to protect the rights of the minor.

INTEREST allowed on daily balances.

ESTATES. Surplus income may be credited to the owner's account, where it will earn interest, invested in accordance with the owner's instructions, or paid over upon receipt.

A TRUST COMPANY deals not only with the living man, but will take charge of his estate after he is gone.

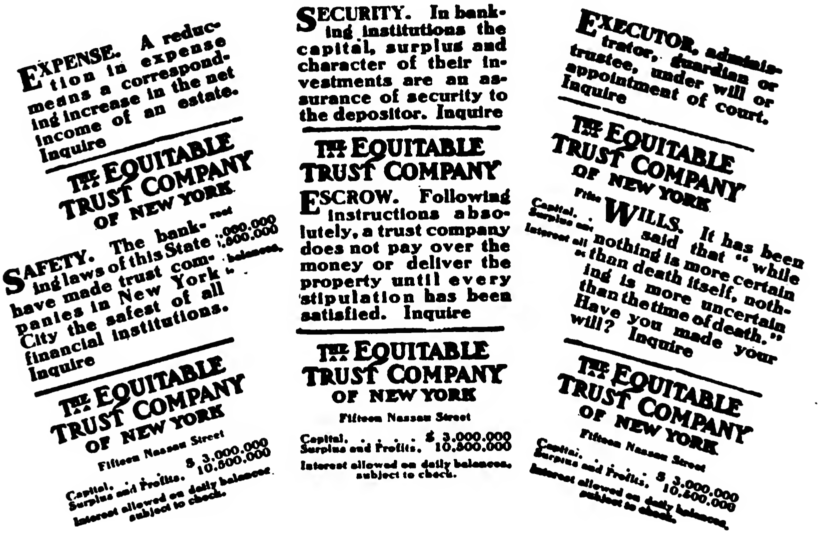
TRUST MONEYS. An executor is absolved by law from responsibility when he deposits the funds of the estate with a trust company.

SURPLUS INCOME may be re-invested or held, at interest, subject to instruction.

QUALIFICATIONS. As an executor or trustee, integrity and longevity are qualities which recommend a corporation over an individual.

ESCROW. Prevents loss from failure to fulfil a contract or agreement.

EXECUTOR. As an executor, a corporation has many qualities of desirability that an individual lacks.



A FEW SPECIMENS OF THE EQUITABLE TRUST CO. ADVERTISING.

AMERICAN SECURITY AND TRUST CO.

OF unusual beauty is the booklet recently issued by the American Security and Trust Co. of Washington. Its building, which is one of the sights of the Capital, lends itself readily to illustration and the engraver and printer have done it full justice. The various departments are handsomely pictured and adequately described. The book was executed by the Matthews-Northrup Works in conjunction with Mr. C. A. Aspinwall, advertising manager of the American Security and Trust Co. In his advertising Mr. Aspinwall also uses some excellent postal cards bearing views of the building and its surroundings, and a bookmark of similar design.

"DATES AND FACTS."

NORTH & CO. of Unadilla, N. Y., issue under the above title a unique little pamphlet of 56 pages, which will doubtless be frequently referred to by recipients during the year 1907. Interspersed with information concerning this enterprising firm of bankers are calendars of the coming months, spaces for memoranda and a collection of interesting facts from "Things Not Generally Known." The pamphlet is attractively printed in colors.

FIRST
NATIONAL
BANK
17 SOUTH ST.

OUR POLICY. THE POLICY OF THIS BANK IS TO TREAT ITS DEPOSITORS LIBERALLY AND WITH UNIFORM COURTESY REGARDLESS OF THE AMOUNT OF BUSINESS THEY ENTRUST TO OUR CARE. LARGE RESOURCES, CONSERVATIVE MANAGEMENT AND A STRONG POSITION IN THE FINANCIAL WORLD ENABLE IT TO OFFER YOU UNEXCELLED FACILITIES IN ALL ITS DEPARTMENTS. YOU ARE INVITED TO OPEN AN ACCOUNT WITH US.

CAPITAL $1,000,000.

A SPECIMEN ADV. OF THE FIRST NATIONAL BANK, BALTIMORE.

THE STATE STREET TRUST CO.'S INTERESTING PAMPHLET.

"STATE Street: A Brief Account of a Boston Way," is the title of an interesting pamphlet just issued by the enterprising State Street Trust Co. of Boston. With its reproductions of old prints of State street and its environs, its reminiscences and descriptive sketches, the pamphlet is of considerable historic interest. While the only advertising features are the views of the company's State street office and its handsome new Back Bay building, the publication cannot fail to prove of advertising value. It is published for the State Street Trust Co. by the Walton Advertising and Printing Co. of Boston.

"THE LIFE STORY OF A BANK."

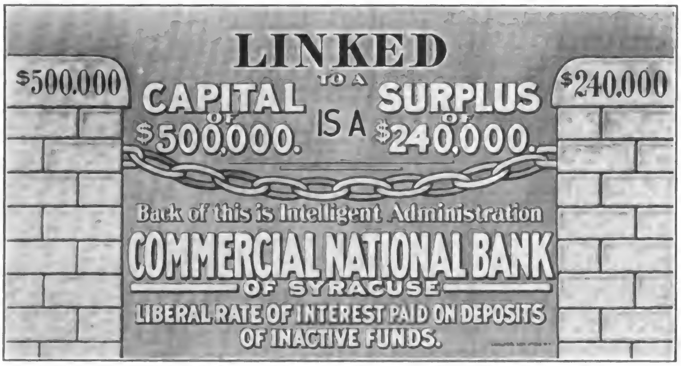
COMMEMORATING its 100th anniversary the Bridgeport National Bank of Bridgeport, Conn., has issued a handsomely gotten up pamphlet containing a historical sketch of the bank, with views of its buildings in 1806, 1857 and 1906, portraits of its past presidents and other illustrations. This creditable piece of work is the product of the Griffith-Stillings Press, Boston.

A HALF-PAGE AD. IN A BUFFALO PAPER, BY THE PEOPLES BANK OF BUFFALO.

HAS ALWAYS STOOD FOR PUBLICITY.

IN the "Eagle Eye," the monthly publication of the Cleveland Trust Co., an article on "Gaining an International Reputation" contains the following:

"If The Cleveland Trust Company has stood for any one thing, it has been from its inception for publicity. The old-time bankers have criticised, of course; they have declared that the traditions of the profession were being shattered—that no self-respecting bank would parade its name and business in the public prints and that the results would prove disastrous. The public, however, look upon the matter in a different light. Something is being offered it that it wants, and the response is an emphatic refutation of the assertions of the critics. It is the actual deposits that are being sent in—ranging from one dollar to fifty thousand dollars each—that proves beyond peradventure the success of Banking-by-Mail."



A STREET CAR CARD USED BY THE COMMERCIAL NATIONAL BANK OF SYRACUSE.

BANKING PUBLICITY NOTES.

The Burlington County Safe Deposit & Trust Co. of Moorestown, N. J., is sending out a handsome and convenient little diary with the season's greetings. With capital paid in of $100,000 and surplus and profits of $175,000, this company is in very comfortable condition.

The Mellon National Bank of Pittsburgh is sending out a well-printed folder, a feature of which is a table of the exchanges of the various members of the Pittsburgh Clearing-House for the year 1906, in which the Mellon Bank heads the list with $507,378,245.87, out of the total of $3,080,231,630.63.

SAVINGS BANK INTEREST.

THE Massachusetts Bank Commissioner in his annual report just submitted to the Legislature of that state, explains why it is not likely that the large savings banks will increase the rates of interest which they have been paying. It is explained that these banks have the greater part of their money tied up in long time investments and that they cannot take advantage of temporary higher interest rates. They might be able to get good rates on new investments, but the total amount of increase would not be sufficient to permit an increase of interest on all deposits.

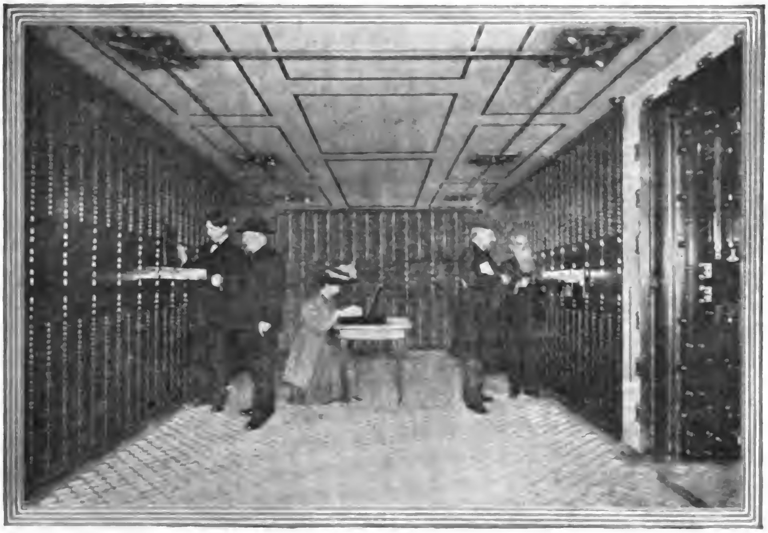
MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

WESTERN GERMAN BANK, CINCINNATI.

BY the courtesy of the Western German Bank of Cincinnati we reproduce views of the exterior and interior of its handsome building at the corner of Twelfth and Vine streets. The Western German Bank was established in 1875 and under a wise and conservative management has reached a total of resources of over $10,000,000, with a capital of $250,000, and surplus and profits of nearly $1,000,000. Its

WESTERN GERMAN BANK, CINCINNATI, OHIO.

deposits aggregate nearly $9,000,000. The officers of the bank are as follows: L. Kleybolte, president; Edward F. Weil, vice-president; George Opitz, cashier; Henry Hoppe, assistant cashier; Charles W. Dupuis, trust officer. Directors, Anthony Schmitt, J. E. Lapp, Henry Muhlhauser, Jr., L. Kleybolte, Frederick Hartenstein, F. J. Diem, Adolph Dryer, Edward F. Weil, Edwin Marmet.



SAFE DEPOSIT VAULTS, WESTERN GERMAN BANK.

MAIN BANKING ROOM, WESTERN GERMAN BANK.

ELMER E. BLACK.

RECENTLY Mr. Elmer E. Black, who for twenty years has been prominently identified with the Chicago office of N. W. Harris & Co., came to New York to assume the duties of associate resident partner of the New York office of this old and well-known banking firm. Mr. Black was largely responsible for the development in Chicago and

ELMER E. BLACK.

the West of a wide market for municipal bonds and bonds based on municipal franchises, and he has won prominence for his conservative judgment in business matters. He was born in Davenport, Iowa, in 1863, and began his banking career at Clinton, Iowa.

A PROMINENT PHILADELPHIA BANKER.

THERE are few bankers in the country better known than Gen. Louis Wagner, president of the Third National Bank of Philadelphia. His military title was gained by distinguished service in the Union Army during the Civil War. He was born in Germany on the 4th of August, 1838, coming to this country in 1849. After being educated he went into lithographing, first as an apprentice, and later

GENL. LOUIS WAGNER
President Third National Bank, Philadelphia, Pa.

on his own account. At the breaking out of the Civil War he enlisted in the Union Army, and was commissioned first lieutenant. He was severely wounded in the second battle of Bull Run. Afterwards he was engaged in organizing and drilling colored troops at Philadelphia, but later rejoined his regiment, and was assigned to the command of a brigade. He was subsequently made a brigadier general by brevet.

Since the close of the war General Wagner has served almost continuously in various official capacities. While president of Common Council, in 1869, he became a member of the Board of City Trusts; was made vice-president in 1884, and in 1892 was unanimously chosen president—the highest position of trust in the city. General Wagner conceived the idea of a statue of Stephen Girard, the great banker, merchant and philanthropist, and it was due to his energy that this memorial was finally erected.

General Wagner is a thirty-second degree Mason, president of the Market Square Progressive Association, and prominently identified with many benevolent activities. He was one of the organizers of the Grand Army of the Republic, was elected Commander of the Department of Pennsylvania, and in 1880, at the encampment held at San Francisco, he was elected Commander in Chief. His prominence in positions of honor, trust, and business indicates exceptional capacity for commanding the respect and confidence of the people of Philadelphia.

CASUALTY COMPANY OF AMERICA.

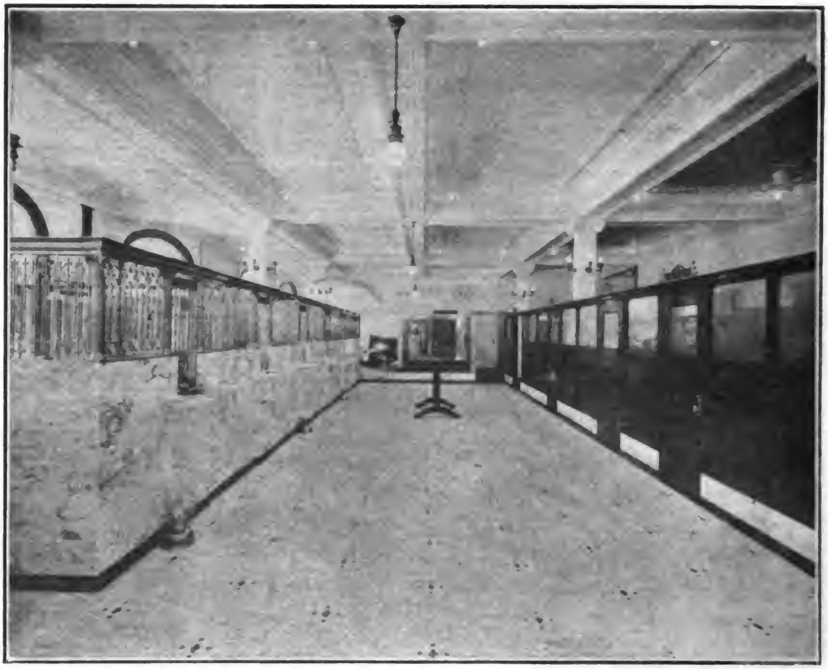
ONE of the growing financial corporations of New York city is the Casualty Company of America, of which Former Assistant Secretary of the Treasury Robert B. Armstrong is president. Mr. Armstrong became president of the company a little less than two years ago, and that his management of the company has been successful is shown by the financial statement issued on December 31st last. The record for the past year shows the following gains: Gross assets, $233,676.04; net premiums, $194,696.31; reserves, $132,966.95; net surplus, $100,709.09. As shown by the statement on the date above named, the liabilities of the company were: Reinsurance reserve, $649,166.38; loss reserve, $278,663.30; reserve for taxes, commissions and all other charges, $141,408.35; capital and surplus, $810,636.94; total, $1,879,874.97. The company's investments include only securities of the highest character—a complete list being set forth in the statement. The correctness of the company's statement is certified by The Audit Company of New York.

The Casualty Company of America insures against the liabilities incurred by manufacturers, contractors, landlords, marine employers, elevators, also personal accident and health, plate glass, fly-wheel, etc.

In 1905 and 1906 the net premiums received by the company showed an aggregate gain of $608,929.64 and the net surplus an aggregate gain of $147,466.32. This is a splendid record, both as regards gain in earning power and in strength.

The officers of the Casualty Company of America are: Chairman of board of directors, Andrew Freedman; president, Robert B. Armstrong; vice-presidents, George R. Read and Edwin W. DeLeon; secretary-treasurer, Chauncey S. S. Miller.

HON. ROBERT B. ARMSTRONG,
President Casualty Company of America, New York.



BANKING ROOM, OREGON TRUST AND SAVINGS BANK, PORTLAND.
(Incorrectly printed as "Ladd & Tilton Bank" in the December Issue.)

HON. GEO. B. CORTELYOU.

THE NEW SECRETARY OF THE TREASURY.

ON January 15 the Senate confirmed the nomination of Hon. George B. Cortelyou to be Secretary of the Treasury to succeed Hon. Leslie M. Shaw, resigned. Mr. Cortelyou comes to his new post singularly well equipped with departmental experience, having previously occupied in turn two cabinet positions—Secretary of the Department of Commerce and Labor, and Postmaster-General.

He was born in New York city, July 26, 1862, and was educated at public and private schools, later graduating from the Hempstead (L. I.) Institute, the State Normal School, Westfield, Mass., and the law schools of the Georgetown and Columbian (George Washington) universities. In 1883 he became a general law and verbatim reporter in New York, and from 1885 to 1889 was principal of preparatory schools in that city. In 1889 he entered the public service, and since that time he has been private secretary to various public officials, among them the post-office inspector in charge at New York, the surveyor of the port of New York, and the Fourth Assistant Postmaster-General. In November, 1895, he was appointed stenographer to President Cleveland; February, 1896, executive clerk; July 1, 1898, Assistant Secretary to President McKinley; April 13, 1900, Secretary to the President; reappointed March 15, 1901, and on September 16, 1901, was reappointed by President Roosevelt. He was appointed Secretary of the Department of Commerce and Labor February 16, 1903. On June 23, 1904, he was elected chairman of the Republican National Committee, conducted the campaign and entered the new Cabinet on March 7, as Postmaster-General.

HON. GEO. B. CORTELYOU
(Who will succeed Hon. Leslie M. Shaw as Secretary of the Treasury.)

MONEY, TRADE AND INVESTMENTS

New York, Feb. 2, 1907.

Easier Money and Lower Prices for Securities were the principal features of the financial situation last month. The sales of stocks at the New York Exchange were about 23,000,000 shares as compared with over 38,000,000 shares in January, 1906. Compared with 1905, however, there was an increase of 2,000,000 shares. The bond market was exceptionally dull, the sales amounting to only $51,000,000, or one-half of the total for January, 1906.

When the stock market was most active prices were weak and bearish influences have been more than usually effective. The country at large is conceded to be prosperous in the highest degree. Probably never before were the industries which contribute to the permanent wealth of the country as active or as profitably employed as at the present time. Never was the demand for labor greater, while wages have reached a high level.

But prosperity has brought about vast changes which in their final results can not be measured by past experience. The men of finance have come to think in hundreds of millions and their ventures involve such enormous amounts of capital, that the possibility of failure makes the conservative thinker apprehensive of the consequences. The aggregation of capital has produced wonderful results. Without it the great achievements of the last ten years would have been impossible. But there are men of broad experience and of cool judgment who are asking the question, what will be the result if one or more of these gigantic financial or business concerns should get into trouble? Just as it may be asked what would happen to the skyscraper building in New York, if an earthquake should shake the city to its foundations, so it may be inquired what would become of the great monuments of modern business methods should a financial earthquake descend upon them.

That these thoughts are in the minds of many whose duty it is to manage big corporations is evident in their utterances and in their actions. More than one railroad official recently has declared his purpose to go slow in making commitments for the future. The projecting of extensions and the planning of great improvements are being held in abeyance or forwarded with conservatism.

A disturbing factor is to be found in the various proceedings which are being undertaken against corporations. A number of railroad and industrial corporations have been under investigation, penalties have been inflicted upon some of them and a number of suits are pending in which men of prominence are charged with illegal acts. In Minnesota last month a judge issued an injuction against the proposed issue of $60,000,000 stock by the Great Northern Railway. In the same state a suit has been brought to forfeit the charter of the St. Paul, Minneapolis and Manitoba Railroad. Congress is busy now with proposed legislation against corporations.

It is the height of folly to denounce all these activities against corporations as mere outbursts of unreasoning malice or inspirations of blinded prejudice. There must be intelligent reason at the bottom of it, or there would be prompt collapse of the unjustifiable antagonism. The very peril of the situation lies in the fact that it is possible to show wrong-doing and as the evidence falls upon the public ear, the tendency is to give prejudice an advantage which it would not otherwise have.

Recently criticism was made of the vast amount of fictitious capital that had been created and upon which interest and dividends are paid by making excessive charges for public service. It is replied that competition not capital fixes the charges to the public, while at the very time the defence is made, it is shown beyond possibility of disclaimers, that competition has been stifled, and into the hands of single individuals has fallen the sole authority to make prices for commodities or transportation not for one corporation but for a number.

Whether from the standpoint of the public or of the investor the creation of fictitious capital invites condemnation. Some of the worst setbacks the stock market has experienced of late have followed the issue of securities at prices which represented to the issuing companies a simple injection into their capital of a large quantity of water. When a railroad property for instance whose stock commands 180 in the market, issues $100,000,000 stock at par, it adds unnecessarily many millions of dollars to its capital.

Recent occurrences indicate that the placing of new capital is not as easy as it was a few years ago. A number of companies last month issued short time notes bearing much higher rates of interest than they would expect to pay on their bonds. The Southern Railway disposed of $15,000,000 3-year, five per cent. notes for less than 97. Other note issues were New York, New Haven and Hartford, $26,000,000, New York Central $50,000,000, Lake Shore $15,000,000, and Michigan Central $10,000,000. The American Telephone and Telegraph Company also placed $25,000,000, three-year, five per cent. notes.

The issuing of notes by corporations of recognized financial strength indicates that they are finding it difficult to place their bonds upon satisfactory terms. Yet there are many railroads which will require considerable new capital to finance contemplated extensions and improvements that are really needed. The Pennsylvania Railroad, it was announced last month, would ask the stockholders to authorize an issue of stock and bonds, said to amount to $100,000,000 of each. The company is making large expenditures both for improvements and cars but the proceeds of the new issue will probably not all be used in the next two years.

There have been indications that the improvement in railroad earnings has been somewhat checked, but the railroads are still handicapped by lack of sufficient cars to handle the freight offered them.

An interesting and significant statement issued last month was that of the Pennsylvania Railroad showing its earnings for December. The lines east of Pittsburgh had gross earnings of $13,025,617, a gain of $1,055,500 over 1905, while the net earnings were $3,952,079, an increase of only $380,300. The lines west of Pittsburgh gained in gross $356,100, while the net earnings decreased $192,900. Here is altogether an increase of $1,411,000 in gross earnings with only $187,000 increase in net earnings. While the earnings a year ago were very large, the increase of ten per cent. in wages which went into effect in December must have had a considerable part in the reduction of the net earnings.

The reduction in rates for money was the most favorable event of the month. When the year opened rates were very high, call money touching 20 per cent. Since the middle of the month, however, the rate has not been above 5 per cent., and late in the month was as low as 2 per cent.

Abroad the money situation has also improved. On January 17 the Bank of England reduced its rate to 5 per cent. It had maintained a 6 per cent. rate since October 19 last, or for three months. The Bank of Germany followed on January 22d, with a reduction of its rate from 7 to 6 per cent. It had established the higher rate on December 18th last.

While the money situation here has developed greater ease, the currency question remains unsettled and with apparently little prospect of being disposed of by Congress at its present session. There is a decided difference of opinion between the Secretary of the Treasury and the leading bankers of the country as to the plan of establishing an elastic bank currency, while even among the bankers themselves there is not entire unanimity.

The currency system as it now exists is a legacy of the civil war. Prior to 1861 we had no government notes, no issues of certificates against gold or silver, and no national bank notes. The government coined gold and silver and made no attempt to regulate the volume or character of the currency.

The civil war exigency brought into being first the legal tender note and then the national bank note. With the close of the war there began an effort to retire the greenback, but the national bank circulation was not interfered with. The retirement of the government notes soon awakened opposition and in 1866 Congress limited their redemption to $4,000,000 a month. Two years later the redemption of the notes was stopped altogether. The resumption act of 1875, however, authorized the retirement of the greenbacks until their aggregate amount had fallen to $300,000,000. About $32,000,000 notes were cancelled under this act, but on February 28, 1878, Congress had started upon its silver inflation policy and authorized the purchase of $2,000,000 to $4,000,000 silver per month. About three months later Congress followed this legislation up with a law preventing the further retirement of the legal tender notes and for 29 years thereafter there has been no reduction in the amount of these promises to pay, which in 1869 Congress "solemnly pledged" the faith of the United States to redeem "at the earliest practicable period."

From February 28, 1878, to November 1, 1893, a vigorous silver policy was pursued by Congress, and the government kept its mint busy manufacturing silver coin, and its presses as busy printing certificates and Treasury notes issued against the silver coin and bullion stored in the vaults of the Treasury.

In 1893 the opponents of silver inflation succeeded in ending the purchase of silver bullion by the government, and since that time the only sources of supply of currency have been gold production and imports and the issue of national bank notes. In neither case, however, is the supply of currency regulated by the needs of trade or the requirements of the public.

A table here presented shows the character of the currency at different important periods since the resumption of specie payments on January 1, 1879.

	Jan. 1, 1879.	*Jan. 1, 1882.*	*Jan. 1, 1890.*	*Jan. 1, 1894.*	*Jan. 1, 1907.*
Gold coin	$96,262,850	$349,209,300	$375,705,922	$508,602,811	$692,623,564
Gold certificates	21,189,280	5,188,120	122,985,889	77,412,179	580,895,199
Silver dollars	5,790,721	35,791,043	61,266,501	57,869,589	85,377,885
Silver certificates	413,360	62,315,320	282,949,073	329,545,650	467,817,025
Fractional silver	67,982,601	54,294,179	54,769,403	65,854,740	124,120,938
Treasury notes, 1890	....	....	....	151,965,287	6,600,829
United States notes	310,288,511	330,228,216	340,007,091	341,586,814	341,908,853
National Bank notes	314,339,308	356,179,777	192,587,030	196,181,216	585,056,585
Total	$816,266,721	$1,193,205,955	$1,430,270,909	$1,729,018,266	$2,883,900,328

On January 1, 1879, less than 15 per cent. of the total circulation was in gold coin and certificates, while United States notes and national bank notes each comprised 38 per cent., leaving about 9 per cent. in silver. Three years later gold had increased to 30 per cent. and silver to 12 per cent., while United States notes had fallen to 28 per cent., and national bank notes to 30 per cent.

After nearly 12 years of silver coinage the percentages on January 1, 1890, reached gold 35 per cent., silver 28 per cent., legal tender notes 25 per cent., and national bank notes 14 per cent. Then came nearly three years of issue of Treasury notes based upon the purchases of silver bullion but which were made legal tender. On January 1, 1894, gold formed 34 per cent. of the total circulation, silver 26 per cent., legal tender notes (including Treasury notes) 29 per cent., and national bank notes 11 per cent.

Since 1894 there has been a great increase in the amount of gold in use as currency and also in the aggregate amount of national bank notes outstanding. But the ratio of the latter to the total circulation is not as large as it was in 1882 or 1879. The percentages on January 1, 1907, were gold 44 per cent., silver 24 per cent., legal tender notes 12 per cent., and national bank notes 20 per cent. Following is a summary of the percentages of each class of currency for the dates named.

JAN. 1.	*Gold. Per Cent.*	*Silver. Per Cent.*	*Legal Tender Notes. Per Cent.*	*National Bank Notes. Per Cent.*
1879	15	9	38	38
1882	30	12	28	30
1890	35	28	25	14
1894	34	26	29	11
1907	44	24	12	20

Were national bank notes to represent as large a percentage of the total circulation as they did in 1879, it would be necessary to increase their issue to more than $1,000,000,000.

9

THE MONEY MARKET.—Money remained high during the first few days of the month and then began to decline until at the close of the month the market was easier than it had been for a long time past. The highest rate for call money was 20 per cent., that rate being made on the first business day of the year. After a decline the rate went up again to 15 per cent. on January 8th, but since that time money has been down to normal figures. Time money continues firm and rates for commercial paper are still high. At the close of the month call money ruled at 1¾@3½ per cent., with the majority of loans at 2¾ per cent. Banks and trust companies loaned at 2 per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 5¼@5½ per cent. for thirty to sixty days, 5½ per cent. for ninety days to four months, and 5½@5¾ per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 5¾@6¼ per cent. for sixty to ninety days' endorsed bills receivable, 5¾@6¼ per cent. for first-class four to six months' single names, and 6½ per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Sept. 1.	*Oct. 1.*	*Nov. 1*	*Dec. 1.*	*Jan. 1.*	*Feb. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent*	*Per cent.*
Call loans, bankers' balances........	8 –12	4½–7	6 –9	6 –27	6 –40	1¾–3½
Call loans, banks and trust companies..............................	3½–	3 –	3 –	4 –	4 –	2 –
Brokers' loans on collateral, 30 to 60 days..............................	6½–	7 –	7 –	7½–	6½-7	5¼–½
Brokers' loans on collateral, 90 days to 4 months........................	6½–	7 –½	6 –7	7 –½	6½–7	5½–
Brokers' loans on collateral, 5 to 7 months..................	6 –½	6½–¾	6 –	6 –½	6 –½	5½–¾
Commercial paper, endorsed bills receivable, 60 to 90 days...........	6 –7	6½–7	6 –½	6 –½	6 –½	5¾–6¼
Commercial paper, prime single names, 4 to 6 months...............	6 –7	6½–7	6 –½	6 –½	6 –½	5¾–6¼
Commercial paper, good single names, 4 to 6 months...............	7½–	7½–	6½ 7	6½–7	6½ 7	6½–

NEW YORK BANKS.—One of those remarkable swings which in the last year occurred in the bank situation in New York was paralleled last month. The first statement of the year showed a large increase in deposits and an increase not quite as large in loans but the surplus reserve fell from $5,000,000 to less than $148,000. The latter in the two weeks following rose above $18,000,000 but by the end of the month was down to $12,600,000. The surplus is however $1,500,000 more than that of a year ago but $15,000,000 less than in 1905. The deposits have increased steadily ever since December 15. At the end of the year they had increased $14,000,000 and since that time $95,000,000 more. In

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

DATES.	*Loans.*	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
Jan. 5...	$1,049,667,500	$172,951,400	$77,341,000	$1,000,578,300	$147,825	$53,664,200	$2,125,942,200
" 12...	1,048,808,700	177,601,600	83,289,700	1,008,972,400	8,640,700	53,690,900	2,223,955,200
" 19...	1,063,957,300	192,610,600	86,458,700	1,042,434,400	18,460,700	53,631,900	2,181,845,200
" 26...	1,085,985,400	196,873,200	85,442,500	1,067,011,600	15,562,800	53,548,700	2,083,701,700
Feb. 2...	1,097,837,500	197,800,300	84,013,800	1,076,720,000	12,634,100	53,185,400	2,112,005,500

the week ended January 14 the increase was nearly $34,000,000 and in the next following week nearly $35,000,000. Loans increased during the month $65,000,000 or $30,000,000 less than the increase in deposits. Reserves show an increase of $18,000,000 specie and $13,000,000 legal tenders.

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	1905.		1906.		1907.	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March..........	1,179,824,900	11,646,075	1,029,545,000	5,008,755	....	....
April..........	1,138,661,300	8,664,575	1,004,290,500	5,131,270	....	....
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	....	....
June..........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	....	....
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	....	....
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	....	....
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	....	....
October........	1,080,465,100	7,440,025	1,034,059,000	12,540,350	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December ..	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Dec. 29.....	$131,423,100	$138,249,900	$5,850,500	$8,012,500	$12,070,400	$5,106,700	*$3,522,875
Jan. 5.....	132,616,200	141,913,900	5,597,000	7,818,100	14,308,800	5,074,500	*2,680,075
" 12.....	133,256,600	142,568,100	5,857,100	8,106,100	13,843,200	5,146,200	*2,689,425
" 19.....	134,175,400	142,284,700	5,518,500	7,788,900	13,607,800	4,882,800	*3,773,175
" 26.....	131,682,200	141,015,400	5,864,400	7,478,400	13,140,700	6,872,300	*2,398,050

* Deficit.

BOSTON BANKS.

DATES.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Dec. 29........	$183,439,000	$204,569,000	$15,160,000	$6,094,000	$8,687,000	$133,627,700
Jan. 5........	178,521,000	214,861,000	15,748,000	6,265,000	8,656,000	199,483,600
" 12........	180,671,000	216,902,000	15,367,000	6,062,000	8,654,000	206,504,600
" 19........	183,389,000	228,918,000	16,881,000	5,972,000	8,477,000	235,527,100
" 26........	184,705,000	218,801,000	18,561,000	5,527,000	8,454,000	179,246,700

PHILADELPHIA BANKS.

DATES.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings*
Dec. 29...	$218,194,000	$247,041,000	$53,760,000	$14,041,000	$136,443,100
Jan. 5.....	217,221,000	250,944,000	57,806,000	14,057,000	156,237,800
" 12.	217,770,000	248,700,000	57,355,000	14,027,000	146,917,000
" 19........	218,774,000	246,851,000	59,008,000	13,955,000	150,332,200
" 26..................	219,065,000	253,041,000	59,776,000	13,912,000	144,000,600

Foreign Banks.—The Bank of England and the Bank of Germany each gained $25,000,000 of gold last month, while the Bank of France lost $12,000,000. The former institution holds $7,500,000 more gold than it did a year ago and the Bank of Russia $70,000,000 while France reports $40,000,000 less and Germany $15,000,000 less.

Gold and Silver in the European Banks.

	December 1, 1906.		January 1, 1907.		February 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£33,263,144	....	£29,064,478	....	£34,249,496	....
France	110,269,411	£40,363,133	108,230,047	£39,946,631	105,837,120	£39,427,680
Germany	30,347,000	10,116,000	27,588,000	9,196,000	32,532,000	10,844,000
Russia	114,055,000	4,361,000	117,904,000	4,681,000	118,051,000	4,735,000
Austria-Hungary	46,944,000	11,824,000	46,609,000	11,751,000	46,590,000	12,044,000
Spain	15,841,000	24,262,000	15,368,000	24,253,000	15,405,000	24,434,000
Italy	31,767,000	4,326,900	31,888,000	4,594,100	32,196,000	4,760,100
Netherlands	5,531,500	5,643,200	5,536,000	5,755,800	5,541,300	5,760,100
Nat. Belgium	3,226,667	1,613,333	3,415,333	1,707,667	3,284,000	1,642,000
Sweden	3,962,000	....	3,956,000	....	3,998,000	....
Totals	£394,706,722	£102,509,566	£389,558,858	£101,885,198	£397,683,716	£103,646,880

Foreign Exchange.—The market for sterling exchange was weak during the greater part of the month. The market was particularly affected late in the month by the selling of exchange against short time notes of American railroads sold abroad. There was a good supply of cotton bills, while the reduction in the rates of discount by the Bank of England and Bank of Germany was an influential factor.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
Jan. 5	4.8075 @ 4.8125	4.8520 @ 4.8540	4.8620 @ 4.8635	4.80⅛ @ 4.80¼	4.79⅛ @ 4.80¼
" 12	4.8075 @ 4.8085	4.8475 @ 4.8485	4.8565 @ 4.8575	4.80⅛ @ 4.80¼	4.79⅛ @ 4.80⅛
" 19	4.8175 @ 4.8200	4.8595 @ 4.8610	4.8665 @ 4.8675	4.80¾ @ 4.81	4.80⅛ @ 4.81½
" 26	4.8140 @ 4.8150	4.8545 @ 4.8550	4.8615 @ 4.8630	4.81 @ 4.81⅛	4.80⅝ @ 4.81⅝
Feb. 2	4.8065 @ 4.8075	4.8450 @ 4.8460	4.8525 @ 4.8535	4.80 @ 4.80⅛	4.79½ @ 4.80⅝

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.	Feb. 1.
Sterling Bankers—60 days	4.79½— ¾	4.80⅜— ½	4.80¾—81	4.78¼— ½	4.80½— ⅝
" " Sight	4.83¼— ⅜	4.85½— ⅝	4.85½— ⅝	4.83⅜— ½	4.84⅝— ¾
" " Cables	4.84⅛— ¼	4.86⅝— ¾	4.86⅜— ½	4.84⅜— ½	4.85⅜— ½
" Commercial long	4.79⅛— ¼	4.80 — ⅛	4.80¼— ⅜	4.79 — ¼	4.80⅛— ¼
" Docu'tary for paym't.	4.78⅝—80	4.79⅝—81	4.79⅝— 1⅛	4.78½—79	4.79½—80¾
Paris—Cable transfers	94$\frac{11}{16}$— ¾	5.18⅛—	5.18¾—	5.21¼—20⅝	5.19⅜—18¾
" Bankers' 60 days	94¾— ⅞	5.22½—21⅞	5.22½—	5.25⅝—25	5.23⅛—22½
" Bankers' sight	94$\frac{7}{16}$— $\frac{9}{16}$	5.19⅜—18¾	5.19⅜—	5.21⅞—¼	5.20$\frac{1}{16}$—
Swiss—Bankers' sight	5.20⅝—20	5.18¾—	5.19⅜—18¾	5.22½—	5.20⅝— $\frac{1}{16}$
Berlin—Bankers' 60 days	94¾— ⅞	93⅞—94	95$\frac{11}{16}$—93$\frac{11}{16}$	93⅛— ⅝	93$\frac{13}{16}$— $\frac{15}{16}$
" Bankers' sight	94$\frac{7}{16}$— $\frac{9}{16}$	94$\frac{11}{16}$— ¾	94¾ — $\frac{13}{16}$	94⅛ - ¼	94½ - ⅝
Belgium—Bankers' sight	5.22½— 1⅞	5.21⅞— ¼	5.21⅞— ¼	5.24⅜—	5.21⅞— ¼
Amsterdam—Bankers' sight	39⅞— $\frac{15}{16}$	40 — $\frac{1}{16}$	40 — $\frac{1}{16}$	39$\frac{15}{16}$— ⅞	40 — $\frac{1}{16}$
Kronors—Bankers' sight	26$\frac{9}{16}$— $\frac{11}{16}$	26⅝— ¾	26¾— ⅞	26⅜— ⅝	26⅝— ⅞
Italian lire—sight	5.19⅜—18¾	5.17½—	5.18¾ - ⅛	5.21¼—20⅝	5.19⅜—

Money Rates Abroad.—The Bank of England reduced its rate of discount on January 17th from 6 to 5 per cent. and the Bank of Germany in January made a reduction in its rate from 7 to 6 per cent. Open market rates in the principal centers have declined. Discounts of sixty to ninety-day bills in London at the close of the month were 4⅝ per cent., against 5¾@6 per cent. a month ago. The open market rate at Paris was 3@3⅛ per cent., against 3½ per cent. a month ago, and at Berlin and Frankfort 4½ per cent., against 5¼@5½ per cent. a month ago.

Bank of England Statement and London Markets.

	Oct. 31, 1906.	Nov. 30, 1906.	Dec. 31, 1906.	Jan. 31, 1907.
Circulation (exc. b'k post bills)	£28,842,000	£27,761,000	£28,795,680	£27,858,000
Public deposits	9,603,000	8,304,000	6,928,752	9,121,000
Other deposits	40,095,000	44,218,000	39,408,200	42,239,000
Government securities	15,956,000	15,459,000	15,457,516	15,458,000
Other securities	33,421,000	31,369,000	34,123,388	29,241,000
Reserve of notes and coin	18,158,000	23,614,000	18,718,655	24,840,000
Coin and bullion	28,549,851	33,263,144	28,064,478	34,249,496
Reserve to liabilities	36.51%	44.92%	37.13%	48.31%
Bank rate of discount	6%	6%	6%	5%
Price of Consols (2½ per cents.)	85 15/16	8[illegible]⅜	86 1/16	87
Price of silver per ounce	32 7/16d.	32d.	32⅜d.	31½d.

Silver.—The price of silver in London declined last month from 32 7-16d to 31¼d but recovered to 31½d at the close of the month. As compared with a month ago there was a decline of ⅞d.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.	Month.	1905. High	1905. Low	1906. High	1906. Low.	1907. High	1907. Low.
January	28⅝	27 5/16	30¼	29 11/16	32 7/16	31¼	July	27 5/16	26⅞	30 7/16	29 13/16	....	....
February	28 3/16	27⅝	30 11/16	30⅛	....	....	August	28¾	27⅛	30 11/16	29⅞	....	....
March	27 11/16	25 15/16	30 7/16	29	....	....	Septemb'r	28¾	28	31½	30 13/16	....	....
April	26⅝	25 7/16	30 9/16	29⅝	....	....	October	28 15/16	28⅝	32 5/16	31 11/16	....	....
May	27 5/16	26⅛	31⅝	30 5/16	....	....	Novemb'r	30 3/16	28 13/16	33⅛	32	....	....
June	27⅛	26¾	31 3/16	29⅝	....	....	Decemb'r	30 3/16	29⅝	32 5/16	31 9/16	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York

	Bid.	Asked.		Bid.	Asked
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.55	$15.65
Bank of England notes	4.85	4.88	Mexican 20 pesos	19.55	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.52¾	.54
Twenty-five pesetas	4.78	4.82	Peruvian soles	.47¾	.51
Spanish doubloons	15.55	15.65	Chilian pesos	.47¾	.51

Bar silver in London on the first of this month was quoted at 31¼d. per ounce. New York market for large commercial silver bars, 68¼ @ 69⅞c. Fine silver (Government assay), 68¾ @ 70⅝c. The official price was 68½c.

National Bank Circulation.—There was a very small increase in national bank circulation, only $35,100, a notable falling off as compared with an average monthly increase of nearly $5,000,000 in the previous year. About $2,000,000 additional bonds were deposited to secure circulation although the increase in bond secured circulation was only $400,000. The securities deposited to secure public deposits increased over $3,000,000 and now exceed $170,000,000 of which nearly $72,000,000 consist of state, city and railroad bonds.

NATIONAL BANK CIRCULATION.

	Oct. 31, 1906.	Nov. 30, 1906.	Dec. 31, 1906.	Jan. 31, 1907.
Total amount outstanding	$583,171,985	$593,380,549	$596,162,469	$597,197,569
Circulation based on U. S. bonds	536,933,169	546,981,447	549,280,084	549,698,574
Circulation secured by lawful money	46,238,816	46,399,102	46,882,385	46,498,995
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	25,124,650	26,659,150	27,054,650	27,682,500
Four per cents. of 1925	4,602,100	6,261,400	6,432,400	6,636,900
Three per cents. of 1908-1918	3,273,700	4,027,100	4,193,960	4,352 220
Two per cents. of 1930	492,170,650	495,994,100	496,751,250	497,788,350
Panama Canal 2 per cents	14,482,000	16,809,080	16,831,580	16,793,580
Total	$539,653,180	$549,750,830	$551,263,840	$553,253,550

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $10,036,000; 4 per cents. of 1925, $6,263,750; 3 per cents. of 1908-1918, $5,-714,500; 2 per cents. of 1930, $52,229,200; Panama Canal 2 per cents, $12,748,000; District of Columbia 3.65's, 1924, $836,000; Hawaiian Islands bonds, $1,579,000; Philippine loan, $9,050,000; state, city and railroad bonds, $71,745,560; a total of $170,202,010.

UNITED STATES PUBLIC DEBT.—About $700,000 of the 4 per cent. bonds of 1907 were retired making altogether about $3,000,000 of these bonds that have been surrendered under the offer of the Secretary of the Treasury. A reduction of $1,200,000 in the national bank note redemption account is the only other change in the total debt. Nearly $13,000,000 of certificates were issued during the month while the total cash assets were increased $7,000,000. The cash balance shows an increase of $5,000,000 and is nearly $395,000,000. The net debt was reduced $7,500,000 and is $927,442,000.

UNITED STATES PUBLIC DEBT.

	Nov. 1, 1906.	Dec. 1, 1906.	Jan. 1, 1907.	Feb. 1, 1907.
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,450	116,755,550	114,314,300	113,617,050
Refunding certificates, 4 per cent	25,990	25,930	25,870	25,800
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$925,159,250	$925,159,190	$922,717,830	$922,020,560
Debt on which interest has ceased	1,123,205	1,118,975	1,118,765	1,095,745
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	45,590,183	45,922,015	46,632,672	45,434,571
Fractional currency	6,865,237	6,865,237	6,865,237	6,865,237
Total non-interest bearing debt	$399,189,719	$399,521,550	$400,232,208	$399,034,106
Total interest and non-interest debt.	1,325,472,174	1,325,799,716	1,324,068,853	1,322,150,412
Certificates and notes offset by cash in the Treasury:				
Gold certificates	619,617,869	628,059,869	639,114,869	652,570,869
Silver certificates	477,368,000	477,203,000	476,256,000	475,642,000
Treasury notes of 1890	6,912,000	6,827,000	6,616,000	6,488,000
Total certificates and notes	$1,103,897,869	$1,112,089,869	$1,121,986,869	$1,134,700,869
Aggregate debt	2,429,370,043	2,437,889,585	2,446,055,722	2,456,851,281
Cash in the Treasury:				
Total cash assets	1,581,633,247	1,606,369,796	1,628,974,834	1,636,074,417
Demand liabilities	1,208,332,437	1,224,899,509	1,239,977,758	1,241,366,211
Balance	$373,300,810	$381,470,287	$388,997,076	$394,708,206
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	223,300,810	231,470,287	238,997,076	244,708,206
Total	$373,300,810	$381,470,287	$388,997,076	$394,708,206
Total debt, less cash in the Treasury	952,171,364	944,329,429	935,071,777	927,442,206

GOVERNMENT REVENUE AND DISBURSEMENTS.—The Treasury balance sheet for January shows a surplus of $7,410,258 making the total surplus for the seven months of the current fiscal year $32,461,167. In 1906 the surplus for the month was less than $4,000,000 while for the seven months there was a deficit of $3,000,000. The receipts continue to run far in excess of those of last year. For the month they show an increase of $4,500,000 and for the seven months of $39,000,000. Customs receipts increased $2,000,000 in January and $27,000,000 for the seven months.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	Jan., 1907.	Since July 1, 1906.
Customs	$29,186,654	$193,993,318
Internal revenue	20,075,806	158,697,038
Miscellaneous	5,975,039	31,008,261
Total	$55,237,499	$383,698,617
Excess of receipts	$7,410.258	$32,461,167

EXPENDITURES.

Source.	Jan., 1907.	Since July 1, 1906.
Civil and mis	$11,307.924	$76,334,169
War	7,909,834	64,684,828
Navy	8,715,172	57,213,999
Indians	695,747	9,864,354
Pensions	10,463,616	81,020,845
Public works	7,335,612	42,820,260
Interest	1,399,336	19,299,495
Total	$47,827.241	$351.237,450

FOREIGN TRADE.—The exports of merchandise in December amounted to $190,000,000 the largest for any month of the calendar year 1906. Compared with December 1905 there was a decrease of $9,000,000 but with this exception the 1906 record is the highest for any December. The imports of merchandise in December were the largest for any month in any previous time, and reached nearly $135,000,000. This large total cut down the balance of net exports to $55,000,000 or $43,000,000 less than in December 1905. For the full calendar year both exports and imports exceed all previous records, the former aggregating $1,798,000,000 and the latter $1,321,000,000, together making a total of $3,119,000,000. It is only a few years ago that the total foreign trade reached $2,000,000,000 for the first time. The net balance of exports for the year is $477,000,000, the largest in the last three years, but smaller than in either 1903 or 1901. We imported net gold during the year nearly $109,000,000 and exported $14,600,000 of silver.

EXPORTS AND IMPORTS OF THE UNITED STATES.

MONTH OF DECEMBER.	MERCHANDISE.			Gold Balance.	Silver Balance.
	Exports.	Imports.	Balance.		
1901	$136,941,539	$79.929,271	Exp., $57,012,268	Exp., $1.952.601	Exp., $1,934,849
1902	147,992,403	94,356,987	" 53,685,416	" 666,476	" 2,845,589
1903	174,819,566	77.768.634	" 97,050.932	Imp., 15,765.642	" 4.436,998
1904	145,253,259	96,566.759	" 48,686,500	Exp., 10,166,643	" 1,861,706
1905	199.738,520	101,142,799	" 98,595,721	Imp., 1,360,349	" 3,503,403
1906	190.264,118	134,863,708	" 55,400,405	" 5,859,429	" 1,363,770
TWELVE MONTHS.					
1901	1,465,375,860	880,419,910	Exp., 584,955,950	Exp., 3,022,059	Exp., 24,491 576
1902	1,360,685,933	969,316,870	" 391,369,063	Imp., 8,162,726	" 22,870,019
1903	1,484,753,083	995,494,327	" 489,258,756	" 20,920,862	" 16,635,834
1904	1,451,318,740	1,035,909,190	" 415,409,550	Exp., 36,408,593	" 24,048,203
1905	1,626,990,795	1,179,144,550	" 447,846,245	Imp., 3,498,938	" 21.573,967
1906	1,798,107,955	1,321,064,694	" 477,043,261	" 108,990,369	" 14,685,444

MONEY CIRCULATION IN THE UNITED STATES.—The volumes of money in circulation increased $19,000,000 in February. The increase was entirely in gold, other forms of money showing a decrease. Gold coin increased nearly $3,000,000 and gold certificates $37,000,000. Silver certificates were reduced $5,000,000, national bank notes $7,000,000 and United States notes $3,000,000.

MONEY IN CIRCULATION IN THE UNITED STATES.

	Nov 1, 1906.	*Dec. 1, 1906.*	*Jan. 1, 1907.*	*Feb. 1, 1907.*
Gold coin	$687,685,761	$685,974,422	$692,623,564	$695,539,841
Silver dollars	83,606,468	84,211,919	85,377,835	83,173,040
Subsidiary silver	120,278,648	122,261,710	124,120,938	120,408,163
Gold certificates	575,958,419	572,972,119	580,395,499	617,564,6?9
Silver certificates	473,419,449	470,118,583	467,817,025	462,936,189
Treasury notes, Act July 14, 1890	6,894,518	6,811,576	6,600,829	6,473,540
United States notes	344,516,149	343,260,322	341,908,353	338,559,724
National bank notes	574,522,374	583,463,604	585,056,585	578,246,907
Total	$2,866,882,786	$2,869,074,255	$2,883,900,328	$2,902,902,098
Population of United States	85,131,000	85,249,000	85,367,000	85,484,000
Circulation per capita	$33.68	$33.66	$33.78	$33.96

MONEY IN THE UNITED STATES TREASURY.—The total money in the United States Treasury increased $4,000,000 in January but an increase in outstanding certificates reduced the net cash to $333,800,000 a reduction for the month of $8,000,000. The Treasury lost about $28,000,000 net gold.

MONEY IN THE UNITED STATES TREASURY.

	Nov. 1, 1906.	*Dec. 1, 1906.*	*Jan. 1, 1907.*	*Feb. 1, 1907.*
Gold coin and bullion	$878,932,370	$890,924,490	$894,394,821	$902,576,266
Silver dollars	484,645,062	484,039,611	482,873,695	485,078,490
Subsidiary silver	3,506,651	3,898,072	3,720,430	7,066,315
United States notes	2,164,867	3,420,694	4,772,663	8,121,292
National bank notes	8,649,611	9,916,945	11,105,884	17,950,662
Total	$1,377,898,561	$1,392,194,812	$1,396,867,493	$1,420,793,025
Certificates and Treasury notes, 1890, outstanding	1,056,272,386	1,049,902,278	1,054,818,053	1,086,974,418
Net cash in Treasury	$321,626,175	$342,292,534	$342,054,440	$333,818,607

SUPPLY OF MONEY IN THE UNITED STATES.—There was a further addition to the country's stock of money last month, amounting to nearly $11,000,000 all of it represented by the increase in gold. There was practically no change in the other kinds of currency except a decrease of about $360,000 in fractional silver.

SUPPLY OF MONEY IN THE UNITED STATES.

	Nov. 1, 1906.	*Dec. 1, 1906.*	*Jan. 1, 1907.*	*Feb. 1, 1907.*
Gold coin and bullion	$1,566,619,131	$1,576,898,912	$1,587,018,385	$1,598,116,107
Silver dollars	568,251,530	568,251,530	568,251,530	568,251,530
Subsidiary silver	123,785,299	126,154,782	127,841,368	127,474,478
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	583,171,985	593,380,549	596,162,469	596,197,569
Total	$3,188,508,961	$3,211,366,789	$3,225,954,768	$3,236,720,700

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—On January 8 the board of directors of the Casualty Company of America declared a semi-annual dividend of three per cent., it being the initial dividend. This is the first case on record of a company writing the same lines of business declaring a dividend within three years from organization, without an increase of capital. The preliminary report of the president showed premiums written $1,400,000; gross assets $1,900,000, and surplus $310,000, the last item showing an increase of a little over $100,000 for the year.

—The National Copper Bank, with $2,-000,000 capital and the same amount of paid-in surplus, is being organized by some of the large copper interests.

—E. Hayward Ferry, for six years a vice-president of the National Shawmut Bank of Boston, recently resigned to become vice-president of the Hanover National Bank of New York.

—Group VIII of the New York State Bankers' Association held its annual dinner at the Waldorf-Astoria on the evening of January 30. Addresses were made by Alexander Gilbert, president of the clearing-house association, who counselled conservatism among the banks, by Commander Robert E. Peary, who told of his efforts to reach the north pole, and by Charles H. Keep, Superintendent of the Banking Department of the State of New York, who said:

"Having taken the oath of office only twenty-four hours ago as Superintendent of Banks I can only say that so far as in me lies I promise to the bankers of the state a careful, painstaking, impartial, and I hope an intelligent enforcement of the banking laws. Naturally one of the first things to which my attention was directed was the number and size of the institutions under state supervision. How many of you know that the aggregate resources of these institutions is nearly half the aggregate resources of all the national banks. How many of you know that if the resources of national banks in New York State be added to the resources of the state institutions the total is not so very far from the total resources of all the national banks of the country outside the state."

—On February 1 Maurice W. Ostrander completed his fiftieth year of service in the People's Bank, in which he now occupies the position of confidential clerk. In recognition of his notably long service the directors of the bank presented him a gold watch and chain.

—The Trust Company of America has absorbed the Colonial Trust Co., which will be operated after May 1 as the Colonial Branch of the Trust Co. of America. The combined institutions will have $2,000,000 capital, $10,000,-000 surplus and $70,000,000 deposits.

—Officers of the National City Bank met at dinner at the Lotos Club on the evening of January 15. It is the intention to have these dinners once a month, to afford an opportunity for the officers of the bank to get better acquainted with each other, socially. Those present at the dinner were five of the bank's vice-presidents, G. S. Whitson, F. A. Vanderlip, William A. Simonson, Horace M. Kilborn, and J. A. Stillman; John E. Gardin, manager of the foreign exchange department; Cashier A. Kavanagh, and the six assistant cashiers, W. H. Tappan, S. E. Albeck, J. H. McEldowney, Arthur H. Titus, G. E. Gregory, and William R. Reed.

—At the meeting of the board of directors of the Chemical Bank, January 9, Joseph B. Martindale was elected vice-president, and Herbert K. Twitchell, heretofore assistant cashier of the Chase National Bank, and Edward H. Smith, heretofore auditor of the Chemical National, were appointed assistant cashiers.

—Edward Townsend, president of the Importers and Traders' National Bank, has been elected a director of the Bankers' Trust Company. This is in keeping of the policy of the company to have only well-known bankers on its board.

—The Beaver National Bank has opened for business in the Beaver Building, corner Wall, Pearl and Beaver streets, New York. It has a capital of $200,000 and a surplus of $100,000. Martin W. Littleton is president and M. J. Murphy cashier.

—The Hudson Surety Company is being organized with $1,000,000 capital, a number of prominent bankers in various cities, besides other well-known capitalists, being named as directors. A leading feature of the company's business will be the insurance of bank deposits, in accordance with the suggestion made in the September, 1905, issue of The Bankers' Magazine, page 323.

NEW ENGLAND STATES.

One of the strongest banks in the good old Green Mountain State is the Clement National Bank of Rutland, Vt., which was organized by Charles Clement in 1883 and is still owned and controlled by members of this well-known Vermont family.

The relatively strong position of the Clement is shown by its surplus and profits of $148,000 in relation to its capital of $100,000 and the fact that the bank always has sufficient cash on hand and convertible bonds to pay fully 75 per cent. of its deposits, which average between $700,000, and $800,000.

The directors of the bank are Wallace C. Clement, Percival W. Clement, formerly president of the Rutland Railroad; Waldo P. Clement, of the New York Stock Exchange firm of Clement & Smith; Henry W. Clement, son of the president, and Charles H. Harrison.

Since its organization the bank has paid $143,000 in dividends, never paying less than 6 per cent., and for the past year, 8 per cent. A dividend has never been passed.

The president of the bank is Wallace C. Clement, and the cashier Charles H. Harrison. The former has been connected with the bank since its organization, and the latter for a number of years, succeeding his father as cashier on the death of the latter.

In ratio of surplus to capital the Clement National Bank stands first in Rutland and third in Vermont, and well up among leaders in New England. The cut herewith, shows the substantial building owned by the bank.

Among the correspondents of the Clement are the National City and the National Bank of Commerce in New York; the Atlantic National in Boston, and the First National in Albany.

CLEMENT NATIONAL BANK, RUTLAND, VT.

—Banking concentration continues to be a notable feature among the Boston banks. Recently the National Exchange Bank was absorbed by the National Shawmut, and later the Freeman's National was merged with the National Bank of the Republic. Since 1898 the number of national banks in Boston has been reduced from fifty-five to twenty-five. There have been twenty-six consolidations, three failures, and one change to a trust company in the last eight years. Eleven banks have been merged with the National Shawmut in this time and five with the First National. Compared with 1887, it is found that there were then fifty-two banks in the Boston Clearing-House, with $50,500,000 capital and $107,000,000 deposits, while in 1907 there were twenty-one members, with $25,650,000 capital and $210,000,000 deposits. The average deposit per bank has increased from $2,069,000 in 1887 to $10,011,000 in 1907. Thus, while the bank capital has been reduced about fifty per cent., the deposits have increased thirty-three per cent. and the average deposit per bank has increased over 300 per cent.

—The annual report of State Bank Examiner William B. Skelton, of Maine, filed January 14, shows there are now 119 institutions in Maine with combined assets of $126,658,038, classified as follows: Savings banks, $89,681,144; trust and banking companies, $33,542,166; loan and building associations, $3,434,728. The gain in total assets over the previous year was $9,890,600. This is a greater gain than that made in 1904, $1,889,970.

National banks increased their total resources by $3,170,751. The savings banks and trust and banking companies made substantial gains. The savings banks paid an average dividend of 3.51 per cent.

—The Atlantic National Bank of Providence, R. I., shows the following substantial growth in the number and volume of its deposit accounts since the present management assumed control:

	No. of Accts.	Deposits.
May 12, 1906..	300	$258,818.61
Dec. 26, 1906..	1271	1,824,163.50

The statement at the close of business December 26, showed: Capital stock, $225,000; surplus and profits, $135,216; deposits, $1,824,163.50; total resources, $2,233,879.79.

Accompanying the statement is a report of the examining committee, which shows the bank to be in excellent condition. This committee made a thorough inspection, verifying the loans and discounts, the bank balances and other items, and looking into the system of accounts, which was found to be systematic and concise.

Officers of the Atlantic National are: President, Edward P. Metcalf; vice-presidents, James S. Kenyon and Ernest W. Tinkham; cashier, Frank W. Peabody; assistant cashier, Geo. H. Capron.

—One of the old and staunch banks of New England is the National Tradesmen's Bank of New Haven, Ct. Its statement at the close of business January 26 shows: Capital, $300,000; surplus and profits, $315,823; deposits, $1,691,031. The cash on hand and the amount due from banks exceed $700,000. Wm. T. Fields is president; Robert A. Brown, vice-president; Frederick C. Burroughs, cashier, and Frank B. Frisbie, assistant cashier.

SOUTHERN STATES.

—According to the report of the Secretary of State, made public January 14, there were thirty state banks organized in Mississippi last year, with a combined capital of $1,187,000, in addition to five national banks, with a combined capital of over $500,000. A notable feature of the report is the large increase of deposits among institutions doing a savings bank business only.

—One of the notably strong banks of the South is the Citizens' Bank and Trust Company of Tampa, Florida. Its capital is $100,000; earned surplus, $200,000, and undivided profits, $84,000. A stock dividend of $100,000 was declared on January 1, making the capital $200,000. From the organization of the bank in October, 1895, to the present, dividends of eight per cent. annually have been paid (excepting the first two years) and $284,551.25 accumulated. The year just closed has been the most prosperous in the bank's history.

—On the tenth of December the Bank of Baton Rouge, La., moved into its new building, which is described as a model banking structure. To mark this evidence of the bank's progress and prosperity, the officials and clerks entertained a large number of friends who called to offer their congratulations.

—Something useful for bankers is issued by the Waco (Tex.) State Bank in the form of a Maturity Calendar, giving the maturity dates of thirty, sixty and ninety day paper. It is also convenient for finding the number of days between any given dates, by taking the difference between the calendar days of the dates given.

WESTERN STATES.

—P. M. Kerst has resigned his position as State Public Examiner of Minnesota to become permanent examiner of the Minneapolis clearing-house banks.

The selection of Mr. Kerst as examiner for the Minneapolis banks is the outcome of a plan which has been on foot for several months. He has been public examiner two years, and previous to his appointment was deputy under Examiner S. T. Johnson, his predecessor, and brings to the office the benefit of many years' experience not only in the examiner's office, but also in practical banking. Mr. Kerst was with the German-American bank of St. Paul before he entered the examiner's office.

Appointment of a private and permanent examiner by the clearing-house banks is largely for their own satisfaction, but will tend to strengthen the position of Minneapolis as a financial centre, also to obviate any probability of errors in banking methods among the supporting banks. The position of the Minneapolis banks is assured among the financial men of the country, yet, with all the confidence that the people have in the banks, and the banks in themselves, this additional precaution is taken to assure permanency of present conditions.

In point of volume of business through its clearing-house, Minneapolis ranks twelfth in the United States, while in point of stability, conservatism of methods, etc., its banks stand in the very first rank, and the action of the clearing-house, as noted above, with its attendant results, will serve to keep the banks of the city in their present enviable position.

—The Franklin (Neb.) State Bank, which began business October 1, 1901, with $5,000 capital, now reports $161,494 deposits. Its capital has lately been increased to $15,000, and the surplus and profits on January 1 were $6,044. Cash on hand and in banks amounted to $53,173. This institution has made a record of deposit growth on a modest capital that speaks well for the energy and banking capacity of its president, Carson Hildreth, who is the sole stockholder both of the Franklin State Bank and the Macon State Bank. The latter institution has $5,000 capital, $20,593 deposits, and $15,473 cash on hand and due from banks. The Franklin State Bank made a gain of $70,000 in its deposits in the past year.

Besides being a progressive banker, Mr. Hildreth is actively interested in educational and other movements designed for the welfare of his locality and of the country generally.

—Accompanying the list of local investment bonds and other securities handled by the bond department of the Mercantile Trust Co. of St. Louis is a letter signed by President Festus J. Wade describing in detail the exact character of the various securities offered. He also announces that his company does not enter into promotions, or buy or sell on commission, but deals only in such investments as have been well proven; and while not disregarding the interest return, security of the principal is the first consideration.

—In the last year the surplus of the National Exchange Bank of Milwaukee, Wis., has been increased $100,000, making the total $500,000—equal to the capital.

—An increase from $7,000,000 to $10,000,000 is reported in the capital of the National Bank of Commerce, St. Louis. E. A. Faust, and E. T. Campbell, vice-president of the American Central Insurance Co., have been elected directors of the bank.

—Chicago banks were highly prosperous in 1906. The Illinois Trust and Savings Bank raised its regular dividend rate from twelve per cent. a year to sixteen. Extra payments will be continued that will bring the dividend for a year up to twenty per cent. For 1906 the bank paid seventeen per cent. The earnings during the year were the largest ever made by the bank.

The Northern Trust Company makes an excellent showing at the beginning of the new year. During 1906 it wrote off $400,000 on account of its new building and finished with a total surplus and undivided profits of $1,719,500, against $1,500,000 of capital stock. Deposits at the end of the year were in excess of $28,500,000.

The First National made net profits of $1,459,182 in 1906, or 18.2 per cent. on its $8,000,000 capital. The First Trust and Savings made $633,114 net profits during the year, or 63.1 per cent. on its capital during that period.

The Merchants' Loan and the State Bank of Chicago show about thirty per cent. each. The American Trust and Savings Bank shows twenty-two per cent. after writing off liberal amounts in connection with its new building.

The savings banks credited up about $2,250,000 on their savings deposits as interest for the last half of 1906. The Mutual paid 3½ per cent. on its savings deposits during the year.

—From November 12 to January 26 the deposits of the Indiana National Bank of Indianapolis increased from $6,919,618.99 to $7,083,883.65. This bank has $1,000,000 capital, $600,000 surplus, and $246,902 undivided profits.

—The viaduct connecting Kansas City, Missouri, with Kansas City, Kansas, is now in operation, the formal opening ceremonies having taken place on January 29. These ceremonies, which were attended by the Governors of the two states, were conducted under the auspices of the Commercial Club and the Mercantile Club.

The importance of this imposing structure in the future development of these two cities is second only to their connection with the rest of the country by means of steam roads. These two rapidly growing and interdependent towns are situated on high bluffs and between them lies the broad, deep valley of the Kaw River. This valley is largely occupied by the network of tracks of sixteen trunk lines. All other available space is utilized by large manufacturing and business plants. At the present time all local freight must be handled by teams, which are subject to the dangers of grade crossings and the handicap of steep grades. This will now be largely overcome.

The viaduct is 1.6 miles in length and provides a practically level highway from forty to sixty feet in width between the two bluffs. The roadway, which is to be used for teams and trolley lines, is paved with concrete and overlaid with asphalt. In the construction of the viaduct the best modern standards were adopted. The superstructure of heavy steel stands on massive concrete pedestals which rest on creosoted and concrete piles as an extra precaution against settling in the alluvial bottom-lands. The Kaw River is spanned by a bridge consisting of two sections weighing 1,800 tons, which are supported by three piers containing 6,415 cubic yards of concrete.

Inclines and large vehicle elevators connecting the main structure with the valley below will furnish the teams rapid and safe transportation to the viaduct. It is estimated that a team making a round trip between the cities will save practically an hour in time, while the time of street car passengers from one city to the other will be reduced at least fifteen minutes.

The utility and importance of this great structure is fully recognized by the residents and there is every reason to believe that the estimates of large earnings will be realized.

—At the recent annual meeting of the directors of the Citizens' State Bank of Cannon Falls, Minn., Algot W. Swanson, who has been teller of the bank, was elected first assistant cashier. Philip E. Johnson, heretofore a bookkeeper, was elected second assistant cashier.

The Citizens' State Bank, of which Cliff W. Gress is president, was established in 1878 as the First National Bank, and has been in successful operation for nearly twenty-nine years. The past year has been one of the most successful the bank has had, the deposits increasing about $75,000.

—The Harris Trust and Savings Bank has been organized in Chicago to take over the Western business of the Chicago office of the firm of N. W.

Harris & Co. The new company has $1,250,000 capital and $250,000 surplus. Its scope w... be that of a general banking and trust company and savings bank. It began business on February 4 with about $3,000,000 of deposits. It will continue the close relationship with the New York and Boston offices of N. W. Harris & Co. Among the shareholders, exclusive of the associates in N. W. Harris & Co., are officials and directors of four national banks, the Continental, the Bankers', the National Bank of the Republic and the Fort Dearborn, and of Armour & Co., the International Harvester Company, Marshall Field & Co., the John V. Farwell Company, Mandel Brothers, the Illinois Central Railroad, the Studebaker Brothers Manufacturing Company and other Western financial and business enterprises.

The following are the executive officers: N. W. Harris, president; Albert G. Farr, Albert W. Harris and George P. Hoover, vice-presidents; Howard W. Fenton, treasurer; Edward P. Smith, secretary; Frank R. Elliott, cashier. The directors are James T. Harahan, Allen B. Forbes, Albert W. Harris, Bernard A. Eckhart, Albert G. Farr, Isaac Sprague, J. B. Lord, George P. Hoover and Norman W. Harris.

—Robert M. Wells, who recently entered upon his duties as vice-president of the Bankers' National Bank of Chicago, was for a number of years identified with the Wells & Nellegar Co. of that city. In the future he will give his entire attention to banking.

—John McCarthy, formerly assistant cashier of the Continental National Bank, Chicago, has become associated with Charles Hathaway & Co., dealers in commercial paper, with offices at New York, Boston, Chicago and St. Louis.

PACIFIC SLOPE.

—One of the progressive and successful banks of Montana is the State National Bank of Miles City, which was established in 1895. It occupies quarters in the Wibaux Building, an illustration of which is presented herewith. No bank in the state is better housed. The interior is fitted up in the very best style—tile flooring, steel ceiling, frescoed walls, fixtures of solid mahogany, glass and bronze.

The Miles City Club occupies the entire second floor, and the post office and United States land office are also located in the building. The upper part is rented for offices, and the structure has proved a good investment.

At the close of business November 12 the State National Bank reported: Capital, $100,000; surplus and profits, $87,753; deposits, $385,240. The officers are: President, Pierre Wibaux; first vice-president, E. H. Johnson; second vice-president, O. C. Cato; cashier, C. W.

STATE NATIONAL BANK, MILES CITY, MONTANA.

Butler; assistant cashier, John E. de Carle.

This bank will be glad to correspond with interested parties concerning business openings and opportunities for investment in Eastern Montana.

—The Bank of Rideout, Smith & Co., of Orrville, Cal., has increased its capital from $100,000 to $150,000, and the surplus and profits to $98,000. This bank now has $1,200,000 total assets, and ranks among the large and strong financial institutions of California.

—The California State Bank of Sacramento was merged into the California National Bank in December, and began doing business under the national system January 5, with $1,000,000 capital, $250,000 surplus and $13,000 undivided profits. It began business as a state bank in 1882 and has been successful, having total assets of over $8,000,000, and ranks among the important banks of the Pacific Coast. It is the largest interior bank in California.

Senator Frederick Cox, who was president for many years, and under whose management the bank prospered greatly, died in March last. At a recent meeting of the directors W. E. Gerber was elected to the presidency. The officers now are: President, W. E. Gerber; vice-president, C. W. Clarke; manager, Geo. W. Peltier; cashier, Fred W. Kiesel; assistant cashier, Egbert A. Brown.

—Substantial improvements have been made in the building which the Bank of Woodland, Cal., has occupied since 1873. Double the former space is now available, and modern fixtures make the bank attractive and convenient for customers and officials and employees. This is one of the oldest banks of the state, having been incorporated in 1868. Its officers are: President, L. D. Stephens; vice-president, C. Q. Nelson; cashier, J. S. Craig; assistant cashier, J H. Willoughby.

—The Grant's Pass Banking and Trust Co. of Grant's Pass, Ore., which opened in 1901, with $25,000 capital, increased its capital to $75,000 at the recent annual meeting of the stockholders. This step was considered advisable owing to the large increase of deposits and commercial business. Deposits have increased on the average $50,000 a year. This is one of the leading banks of Southern Oregon. Its officers are: President, J. Frank Watson; vice-president, J. T. Tufts; cashier, Leonard L. Jewell.

The bank will be glad to answer inquiries about the town or Southern Oregon in general.

—The First National Bank of Medford, Ore., which began business in June, 1905, has recently moved into its new building, which is a two-story brick structure, located on the main thoroughfare. Fixtures are of natural oak, manufactured at home, and installed by a local contractor. Deposits of the banks are $270,000; the capital $50,000, and surplus $6,000. Officers are: President, Wm. S. Crowell; vice-president, F. K. Deuel; cashier, M. L. Alford.

—Increasing business has caused the Jackson County Bank of Medford, Ore., to provide a new building, located on a principal business corner. The part of the new building not occupied by the bank will be leased for office purposes. Equipment in keeping with the new building will be installed. This bank has $50,000 capital, $50,000 surplus, and over $500,000 deposits. Its officers are: President, W. I. Vawter; vice-president, B. F. Adkins; cashier, G. R. Lindley.

—Members of the Tacoma, Washington, Clearing-House Association held their annual meeting January 15, and elected the following officers: President, A. F. Albertson; vice-president, L. J. Pentecost; secretary, George H. Tarbell; manager, A. V. Hayden. In the evening a banquet was held at the Union Club. The menu cards were representations of a bank book. Inside was the menu, which was an elaborate one, together with a list of the guests and blank pages for autographs.

—The First Scandia Bank of Everett, Washington, which commenced business in July, 1906, has made a good showing. Its capital of $50,000 was all subscribed by local business men. The seven directors of the bank are well and favorably known. Officers are: President, J. Hunsaker; vice-president, E. G. Reep; cashier, Christ Olson. Correspondence relating to Everett is invited.

—Spokane, Washington, bank clearings amounted to $228,452,196 in 1906.

—N. W. Halsey & Co., bankers, of New York, Chicago, Philadelphia and San Francisco, will put up a new building in the latter city. It will be a four-story reinforced concrete structure, with cement floors, and absolutely fireproof. No wood will be used in the interior construction.

CANADA.

—In December the Traders' Bank of Canada, whose head office is at Toronto, and having a capital of $3,000,000, moved into its new building.

—B. E. Walker, for twenty years general manager of the Canadian Bank of Commerce, Toronto, has been elected president of that bank, succeeding Hon. Geo. A. Cox, who still retains a seat on the board of directors. Alexander Laird, for the past four years assistant general manager, succeeds Mr. Walker as general manager.

Mr. Walker is one of the ablest and best-known bankers in Canada. He has made important contributions to financial literature, his "Canadian Banking System" having become a standard authority on banking in Canada. Mr. Walker's addresses before conventions of bankers' associations in this country have attracted great interest on account of their comprehensive treatment of banking and commercial problems.

The Canadian Bank of Commerce is the second largest bank in Canada.

—The chartered banks of Canada showed a larger increase in general business in 1906 than in any previous year. On December 31 the current loans and discounts were $701,627,000, compared with $600,000,000 at the end of December, 1905, a gain of $101,627,000.

At the end of December, 1906, the deposits totaled $655,000,000, an increase of $98,700,000 in the twelve months. The paid-up capital of Canadian banks is now $95,509,000, an increase of $10,215,000 for the year.

—The Canadian Bank of Commerce has appointed A. H. Ireland, superintendent of branches, to rank next to the general manager, Alexander Laird. H. H. Morris, of Vancouver, becomes superintendent of the Pacific Coast branches, and V. C. Brown chief inspector.

—An increase in the capital of the Bank of Toronto is to be made from $4,000,000 to $10,000,000, the new capital to be offered to shareholders as it may be required for the business of the bank.

MEXICO.

—It is announced that the Compania Bancaria de Obros y Bienes Raices, which was incorporated on October 1, 1906, in the City of Mexico, with $5,000,000 capital, to do a general banking business, will take over the business of the Banco Americana, the Condesa and the Nueva del Pasea.

S. A. Fernando Pimentel y Fagoaga will be president, Leandro F. Payro, manager, and Pedro Galindo Pimentel, secretary.

The National Bank of Mexico, the Bank of London and Mexico and many prominent capitalists have subscribed for the stock, all of which has been taken.

GROWING IMPORTANCE OF THE SOUTHWEST.

An interesting circular issued by the banking house of Messrs. N. W. Halsey & Company, in connection with an offering of Chicago, Rock Island & Pacific Railway Co. 1st and refunding 4 per cent. Bonds of 1934, has this to say on the growing importance of the Southwest:

"The Rock Island's territory is notably free from long stretches of barren country. Its wide latitude and advanced development along the older lines assure a diversified traffic, a stable earning power, and practical independence of single crops and single industries. However, the most promising factor in the Company's future is the marvelous development of the Southwest. This is most strikingly exemplified by Oklahoma. Sixteen years ago, Oklahoma was an Indian reservation; today it contains a population approximating 1,750,000 and last year produced over 141,000,000 bushels (say, 141,000 carloads) of wheat, corn and oats. Its cotton crop was valued at nearly $40,000,000 and its manufactures at almost $25,000,000. Of the State's 5,263 miles of railway, the Rock Island and allied lines own fifty-four per cent. Nearly one-fifth of the entire mileage of the C., R. I. & P. Ry. proper is located in this state and traverses it in every direction. Its foresight in so strongly intrenching itself in this favored section will unquestionably be rewarded by a permanent and constantly growing traffic. What is taking place in Oklahoma is, in a lesser degree perhaps, being repeated elsewhere, and as indicated by recent earnings, much of the company's newer mileage, not greatly profitable in the past, is becoming increasingly and permanently remunerative."

BIG SALES OF ADDING MACHINES.

The year just closed has witnessed a remarkable growth in the business of the Burroughs Adding Machine Company. This company sold during the year 1906, 11,262 machines, which is an increase of 44 3-10 per cent over the business done in 1905. December, 1906, showed the largest number of sales of any month in the company's history, 1,481 machines being sold. The new bookkeeping machines are attracting widespread and favorable attention, and it is said that the company fully expects to market 15,000 machines during 1907.

BANK SIGNS.

The firm of C. H. Buck & Co. was established in Boston in 1878 by Mr. Chas. H. W. E. Buck, who started in business at the age of 18. The business, originally that of sign painting, steadily grew and prospered, and twelve years ago the department of bank signs, now the chief feature of the business, was inaugurated. These highly artistic bronze signs are now sent to all parts of the country and even to the Provinces and foreign lands. Among the institutions using these signs are the City Trust Co. of Boston and Union Safe Deposit Vaults, Canal National, Portland, Me.; Rochester (N. H.) National, Machias (Me.) Banking Co., Norway Plains Savings Bank, Rochester, N. H.; Safety Fund National, Fitchburg, Mass.; First National, Augusta, Me.; First National, Portland, Me.; Cayuga County (N. Y.) National; Boston Penny Savings Bank, Beacon Trust Co., Eliot National and Wildey Savings Bank, Boston; Union Bank, Halifax, N. S., and many others. A special catalogue will be sent on application, mentioning The Bankers Magazine.

HONOR FOR AN ADVERTISING MANAGER.

It is interesting to note that the advertising manager of the Burroughs Adding Machine Company, Mr. E. St. Elmo Lewis, has been elected president of the Adcraft Club of Detroit, an organization composed of all the advertising men of that city. On January 8th the Club gave its first annual dinner, with over 160 present and entertained as its guests the prominent business men and advertisers of the city.

AN ATTRACTIVE CALENDAR.

The Western Bank Note and Engraving Company of Chicago sends out a handsomely engraved 1907 calendar, printed in colors.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Rockaway, N. J.; by Wm. Gerard, et al.
City National Bank, Floresville, Tex.; by W. R. Wiseman, et al.
European American National Bank, New York, N. Y.; by Frank Zotti, et al.
First National Bank, Akron, Colo.; by M. B. Holland, et al.
First National Bank, Ely, Nev.; by A. B. Witcher, et al.
First National Bank, Stratford, I. T.; by C. S. Hudson, et al.
Farmers' National Bank, Cornish, I. T.; by E. V. Green, et al.
First National Bank, Hewett, I. T.; by E. V. Green, et al.
Merchants and Planters' Bank, Mill Creek, I. T.; by R. H. Cook, et al.
First National Bank, Bronte, Tex.; by W. A. Norman, et al.
Evanston National Bank, Evanston, Wyo.; by T. H. Harrison, et al.
Nevada First National Bank, Tonopah, Nev.; by M. L. Macdonald, et al.
First National Bank, Savanna, Ill.; by C. K. Miles, et al.
First National Bank, Luther, Okla.; by W. K. Chilcott, et al.
City National Bank, Randlett, Okla.; by L. A. Thrope, et al.
Farmers' National Bank, Greenfield, Ill.; by F. C. Smith, et al.
First National Bank, Senoia, Ga.; by W. R. McCrary, et al.
National City Bank, Chicago, Ill.; by D. R. Forzan, et al.
First National Bank, Roodhouse, Ill.; by C. T. Bates, et al.
Forest Grove National Bank, Forest Grove, Ore.; by W. B. Haines, et al.
First National Bank, Kelso, Wash.; by W. V. Kiebert, et al.
First National Bank, Whitefish, Mont.; by F. B. Grinnell, et al.
First National Bank, Polk, Neb.; by J. W. Wilson, et al.
First National Bank, Afton, I. T.; by F. M. Reed, et al.
First National Bank, Sesser, Ill.; by E. Fitzgerrell, et al.
First National Bank, Huntsville, Ark.; by L. H. Gibson, et al.
Central National Bank, Tulsa, I. T.; by J. M. Berry, et al.
Citizens' National Bank, Negaunee, Mich.; by J. M. Edgerton, et al.
First National Bank, Jackson Center, Mo.; by Shelby Baughman, et al.
First National Bank, Iron River, Mich.; by E. S. Coe, et al.
Alamosa National Bank, Alamosa, Colo.; by D. H. Staley, et al.
People's National Bank, Clinton, Mo.; by J. C. Wyatt, et al.
Highland National Bank, Hermon, Cal.; by G. W. E. Griffith, et al.
First National Bank, Eldorado, Tex.; by Wm. Bevans, et al.
First National Bank, Griffin Corners, N. Y.; by C. E. Hulbert, et al.
First National Bank, Hancock, N. Y.; by C. E. Hulbert, et al.
Gadsden National Bank, Gadsden, Ala.; by J. D. Dunlap, et al.
Kalispell National Bank, Kalispell, Mont.; by J. T. Jones, et al.
Buchel National Bank, Cuero, Tex.; by Otto Buchel, et al.
First National Bank, Williamsburg, Ind.; by Wm. A. Lewis, et al.
First National Bank, Madisonville, O.; by L. A. Ireton, et al.
Commercial National Bank, Covington, Ky.; by J. R. Bullock, et al.
First National Bank, Thornton, Tex.; by B. B. Barrow, et al.
First National Bank, Oregon City, Oreg.; by C. D. Latourette, et al.
People's National Bank, Westfield, N. J.; by J. H. Case, et al.
Fairview National Bank, Fairview, Okla.; by E. D. Brownlee, et al.
First National Bank, Medaryville, Ind.; by C. H. Guild, et al.
National City Bank, Charleston, W. Va.; by A. D. Harrah, et al.
American National Bank, Paris, Tex.; by J. F. McReynolds, et al.
First National Bank, Manitou, Okla.; by R. J. Schofield, et al.

Application for Conversion to National Banks Approved.

Citizens' State Bank, Staples, Minn.; into City National Bank.
Sheridan County Bank, Gordon, Neb.; into First National Bank.
Formosa State Bank, Formosa, Kans.; into First National Bank.

St. Lawrence County Bank, Canton, N. Y.; into St. Lawrence County National Bank.

Farmers and Merchants' Bank, Tulare, Cal.; into First National Bank.

Bank of Commerce, Kaw City, Okla.; into First National Bank.

NATIONAL BANKS ORGANIZED.

8483—First National Bank, Roselle, N. J.; capital, $25,000; Pres., W. T. West; Vice-Pres., Chas. E. Chambers; Cashier, W. L. Shield.

8484—Cinnaminson National Bank, Riverton, N. J.; capital, $25,000; Pres., C. W. Nevin; Vice-Pres's., J. Morgan and Alex. Marcy, Jr.

8485—National Bank, Colchester, Ill.; capital, $25,000; Pres., Albert Eads; Vice-Pres., J. W. Bailey; Cashier, B. F. McLean.

8486—First National Bank, Idabel, I. T.; capital, $25,000; Pres., C. A. Denison; Vice-Pres's., W. A. Coleman and L. Herndon; Cashier, H. C. Morris.

8487—Merchants' National Bank, San Francisco, Cal.; capital, $300,000; Pres., Chas. Nelson; Vice-Pres., L. I. Cowgill; Cashier, L. M. MacDonald. Conversion of Scandinavian American Savings Bank.

8488—First National Bank, Carthage, O.; capital, $25,000; Pres., C. E. McCammon; Vice-Pres., L. C. Cordes; Cashier, E. C. Blair.

8489—First National Bank, Hugo, Colo.; capital, $25,000; Pres., Gordon Jones; Cashier, E. I. Thompson.

8490—First National Bank, Alhambra, Cal.; capital, $25,000; Pres., H. D. McDonald; Vice-Pres., G. Borden; Cashier, W. F. Lawson; Asst. Cashier, J. McLaren. Conversion of Alhambra Bank.

8491—First National Bank, Frederic, Wis.; capital, $25,000; Pres., C. E. Lewis; Vice-Pres., M. A. Scheldrup; Cashier, L. A. Copeland; Asst. Cashier, J. LeRoy Elwell. Conversion of Bank of Frederic.

8492—Mercantile National Bank, Evansville, Ind.; capital, $200,000; Pres., J. V. Rush; Vice-Pres., L. A. Daus; Cashier, J. Bailey; Asst. Cashier, E. H. Bauer.

8493—First National Bank, Mount Holly Springs, Pa.; capital, $25,000; Pres., A. C. Givler; Vice-Pres., Philip Harman; Cashier, G. C. Hall.

8494—First National Bank, Avoca, Pa.; capital, $50,000; Pres., J. F. McLaughlin; Vice-Pres., W. H. Hollister; Cashier, H. N. Weller.

8495—First National Bank, Eureka Springs; capital, $50,000; Pres., M. R Regan; Vice-Pres., J. K. Smith; Cashier, L. W. McCrory. Conversion of Commercial Bank.

8496—Escanaba National Bank, Escanaba, Mich.; capital, $100,000; Pres., J. K. Stack; Vice-Pres., J. C. Kirkpatrick; Cashier, M. N. Smith; Asst. Cashier, E. J. Norens.

8497—First National Bank, Barnegat, N. J.; capital, $25,000; Pres., Ezra Parker; Vice-Pres's., G. W. Hollingsworth, D. S. Holmes and S. P. Bartlett; Cashier, C. D. Updike.

8498—Wellsville National Bank, Wellsville, Pa.; capital, $25,000; Pres., A. C. Hetrick; Vice-Pres., E. L. Apple; Cashier, J. Milligan.

8499—Farmers' National Bank, New Holland, Pa.; capital, $50,000; Pres., E. L. Roseboro; Cashier, C. S. Zwally.

8500—Pitman National Bank, Pitman, N. J.; capital, $25,000; Pres., Geo. W. Carr; Vice-Pres., J. W. McCowan; Cashier, W. Cresse.

8501—First National Bank, Dunellen, N. J.; capital, $25,000; Pres., A. Gray; Vice-Pres's., P. W. Brakeley and W. L. McCauley; Cashier, A. J. Hamley.

8502—First National Bank, Brinsmade, N. D.; capital, $25,000; Pres., G. T. Christianson; Vice-Pres., T. Mahany; Cashier, E. Beessbarth; Asst. Cashier, A. Gillfillan. Conversion of State Bank.

8503—Union National Bank, New Castle, Pa.; capital, $100,000; Pres., W. W. Eichbaum; Vice-Pres's., L. M. Buchanan and C. Smith; Cashier, C. F. Wheeler.

8504—California National Bank, Sacramento, Cal.; capital, $1,000,000; Pres., W. E. Gerber; Vice-Pres., C. W. Clarke; Cashier, F. W. Kiesel; Asst. Cashier, E. A. Brown. Conversion of California State Bank.

8505—Norwood National Bank, Norwood, O.; capital, $200,000; Pres., Edw. Mills; Vice-Pres's., M. Y. Cooper and J. C. Cadwallader; Cashier, H. W. Hartsough.

8506—First National Bank, Camden, Tenn.; capital, $25,000; Pres., L. E. Davis; Vice-Pres's., W. R. Marchbanks and S. L. Peeler; Cashier, A. S. Justice.

8507—Farmers and Merchants' National Bank, Lebanon, O.; capital, $35,000; Pres., J. V. Mulford; Vice-Pres., Demas Guttery; Cashier, T. B. Jack; Asst. Cashier, W. C. Gilmour.

8508—Nephi National Bank, Nephi, Utah; capital, $50,000; Pres., J. S. Ostler; Vice-Pres., L. S. Hills; Cashier, E. R. Booth.

8509—People's National Bank, Clinton, Mo.; capital, $50,000; Pres., J. T. Arvin; Vice-Pres., R. H. Piper; Cashier, J. C. Wyatt; Asst. Cashier, Jno. J. Chastain.

8510—Exchange National Bank, Long Beach, Cal.; capital, $100,000; Pres., A. J. Wallace; Vice-Pres., M. V. McQuigg; Cashier, W. H. Wallace.

8511—Canaan National Bank, Canaan, Conn.; capital, $50,000; Pres., Geo. S. Fuller; Cashier, Geo. Roger.

8512—Bound Brook National Bank, Bound Brook, N. J.; capital, $50,000; Pres., W. H. Bache; Vice-Pres's., E. H. Radel, M. F. Wirtz and S. R. Kelso; Cashier, R. H. Brokaw.

8513—People's National Bank, Sidney, N. Y.; capital, $50,000; Pres., C. R. Cosgrove; Vice-Pres., J. Jameson; Cashier, Van B. Pruyn.

8514—First National Bank, New Albany, Miss.; capital, $65,000; Pres., W. P. Wiseman; Vice-Pres's., H. D. Stephens and R. W. Pickens; Cashier, R. L. Smallwood; Asst. Cashier, J. A. Smallwood. Conversion of Citizens' Bank and Trust Co.

8515—First National Bank, Emma, Tex.; capital, $25,000; Pres., L. T. Lester; Vice-Pres., E. B. Covington; Cashier, Wright Gunn.

8516—Mount Vernon National Bank, Mount Vernon, N. Y.; capital, $200,000; Pres., H. Loomis; Vice-Pres's., H. T. Jennings and D. M. Hopping; Cashier, S. K. Raymond.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Birmington — Central Mortgage and Trust Co.; successor to Central Trust Co.; Pres., Robt. Jemison; Vice-Pres. and Treas., A. Northington; Secy., Robt. Jemison, Jr.

ARKANSAS.

Ashdown—Arkansas Trust and Banking Co.; capital, $62,755; Pres., F. B. Lane; Vice-Pres., Joe M. Johnson; Cashier, J. H. Jarnagin.

Greenwood—Peoples Bank; capital $12,500; Pres., S. F. Lawrence; Vice-Pres., S. M. Lawrence; Cashier, Jno. H. Lawrence; Asst. Cashier, Jno. F. Lawrence.

Little Rock—Arkansas Valley Bank; capital $100,000; Pres., M. B. Summer; Vice-Pres., E. E. Wilson; Cashier, R. E. Helmich.

St. Paul—Bank of St. Paul; capital, $15,000; Pres., C. M. Lawson; Vice-Pres., Wm. Charlesworth; Cashier, W. C. Gilstrop.

CALIFORNIA.

Los Angeles—Mechanics Bank; capital, $10,500; Pres., Arthur H. Green; Vice-Pres., Geo. W. Tubbs; Cashier, J. C. Dickson.

Orange—Security Savings Bank; capital, $12,500; Pres., W. D. Granger; Vice-Pres., D. F. Campbell; Cashier, F. H. Mellor.

COLORADO.

Morrison—Morrison State Bank; capital, $10,000; Pres., M. MacLean; Cashier, D. MacLean.

GEORGIA.

Baxley—Citizens Banking Co.; capital, $30,000; Pres., W. R. Beach; Vice-Pres., H. C. Gilmore; Cashier, D. D. Gilmore.

Bowersville—Bank of Bowersville; capital, $25,000; Pres., W. C. Mason; Cashier, S. A. Verner.

Milan—Bank of Milan; capital, $15,000; Pres., L. O. Benton; Vice-Pres., H. S. Maloy; Cashier, Chas. W. Lancaster.

Rome—Cherokee Bank; capital, $100,000; Pres., H. E. Kelley; Cashier, Geo. D. Pollock.

Thomasville—Peoples Savings Bank; Pres., F. J. Ball; Vice-Pres., J. F. Evans; Cashier, F. J. Ball.

ILLINOIS.

Cairo—First Bank and Trust Co.; capital, $250,000; Pres., C. S. Aisthorpe; Vice-Pres's., H. S. Candee, W. H. Wood and W. P. Halliday; Cashier, Geo. F. Ort; Asst. Cashier, H. R. Aisthorpe.

Colchester—Peoples State Bank; capital, $25,000; Pres., H. W. Smith; Vice-Pres., G. M. Thompson; Cashier, F. S. Greene; Asst. Cashier, E. B. Wear.

Marissa—Bank of Marissa; capital, $20,000; Pres., W. E. Borders; Vice-Pres., G. W. Kunze; Cashier, F. J. Wagner.

INDIANA.

Angola—Angola Bank Trust Co. (successor to Angola Bank); capital, $220,000; Pres., Geo. R. Wickwire; Vice-Pres., J. A. Woodhull; Secy., E. L. Dodge.

Pekin—Citizens Bank; capital, $12,500; Pres., Thos. Bellows; Vice-Pres., W. A. Graves; Cashier, Geo. A. Halmhuber.

Tipton—Farmers Loan and Trust Co.; capital, $50,000; Pres., N. S. Martz; Vice-Pres., W. W. Mount; Secy. and Treas., Omer Legg.

West Terre Haute—State Bank of West Terre Haute; successor to Bank of Terre Haute; Pres., Chas. H. Ehrman; Vice-Pres., J. S. Hunt; Cashier, M. S. Weills.

INDIAN TERRITORY.

Paden—State Bank of Paden; capital, $10,000; Pres., F. T. Miller; Vice-Pres., A. J. Martin; Cashier, W. L. Crain.

Sulphur—Bank of Commerce; capital, $25,000; Pres., E. P. Blake; Vice-Pres., M. W. Hartman; Cashier, Verne Marple.

IOWA.

Anamosa—Citizens Savings Bank; capital, $50,000; Pres., W. A. Cunningham; Vice-Pres., Wm. Thomas; Cashier, E. K. Ray.

Beaver—Beaver Savings Bank; capital, $10,000; Pres., E. D. Carter; Vice-Pres., J. R. Doran; Cashier, L. D. Henry.

Drakesville—Bank of Drakesville; capital $6,000; Pres., J. W. McConnell; Vice-Pres., S. S. Standley; Cashier, W. P. Caldwell.

Eddyville—Eddyville Security Bank; Pres., L. A. Andrew; Vice-Pres., W. T. Hall; Cashier, E. O. Hedrick; Asst. Cashier, D. W. Ward.

Osage—Mitchell County Savings Bank; capital, $30,000; Pres., Chas. Sweney; Vice-Pres., S. W. Hill; Cashier, J. I. Sweney; Asst. Cashier, M. C. Sweney.

West Burlington—West Burlington Savings Bank; capital, $25,000; Pres., Geo. H. Higbee; Vice-Pres., E. E. Kirkendall; Cashier, V. A. Johnson.

KANSAS.

Bird City—Bird City State Bank; capital, $10,000; Pres., G. W. Wolf; Vice-Pres., Ed. Dabbs; Cashier, J. M. Fisher.

Deerfield—Deerfield State Bank; capital, $10,000; Pres., E. R. Thorpe; Vice-Pres., R. A. Beckett; Cashier, D. H. Brown.

Harper—Farmers and Merchants' Bank; capital, $15,000; Pres., F. O. Mott; Vice-Pres., M. Reddy; Cashier, Chas. E. Frank.

KENTUCKY.

Ashland—Citizens Bank and Trust Co.; capital, $127,250; Pres., W. H. Dawkins; Vice-Pres's., T. J. Shaut and S. G. Kinner; Cashier, J. S. Head, Jr.; Asst. Cashier, W. H. Clay.

Gracey—Commercial and Savings Bank (Branch of Hopkinsville); Cashier, H. C. McGehee.

Pine Knot—Pine Knot Banking Co.; capital, $7,500; Pres., W. B. Creekmore; Vice-Pres., W. T. Wood; Cashier, B. McAfee; Asst. Cashier, R. G. Wilmott.

LOUISIANA.

Baton Rouge—Peoples Trust and Savings Bank; successor to Peoples Savings Bank; capital, $100,000; Pres., N. B. Dougherty; Vice-Pres's., R. J. Hummel and W. C. Whitaker; Cashier, C. D. Reymond.

MICHIGAN.

Coleman — Commercial and Savings Bank; capital, $20,000; Pres., W. D. Gordon; Vice-Pres., T. E. McCann; Cashier, W. E. Reardon.

Coral—Coral Bank; Pres., Paul R. Dinsmore; Vice-Pres., S. M. Dinsmore; Cashier, S. M. Dinsmore.

Otter Lake—Bank of Otter Lake; (Successor to K. B. Rowley) Cashier, L. Lennox.

Vestaburg—Bank of Vestaburg; Pres., Wm. H. Wallace; Vice-Pres., Wm. J. Orr; Cashier, Geo. Belbrough.

Wheeler—Bank of Wheeler; Pres., Jas. B. Crawford; Vice-Pres's., W. O. Watson and A. Johnstone; Cashier, Alf. Crawford; Asst. Cashier, Hugh L. Torbert.

MINNESOTA.

Dexter—First State Bank (successor to Bank of Dexter); capital, $10,000; Pres., G. A. Wright; Vice-Pres., H. Weber, Jr.; Cashier, F. M. Conklin.

Louisburg—Louisburg State Bank; capital, $10,000; Pres., P. H. Jacobson; Vice-Pres., O. Anderson; Cashier, L. M. Larson.

Verdi—Bank of Verdi; capital, $50,000; Pres., I. P. Fox; Cashier, H. R. Wilbern.

MISSOURI.

Brownington—State Bank of Brownington; capital, $10,000; Pres., Jno. Whitaker; Vice-Pres., Geo. A. Blanchard; Cashier, S. W. Whitaker.

Fredickstown—Bank of Fredickstown (successor to Fredickstown Trust Co.); capital $25,000; Pres., J. M. Pirtle; Vice-Pres., Fred Schutte; Cashier, A. J. Boardman.

Latham—Bank of Latham; capital, $7,000; Pres., T. J. Thompson; Vice-Pres., U. G. Sterling; Cashier, W. T. Hill.

Stella—Bank of Stella; capital, $10,000; Pres., J. Carter; Vice-Pres., J. M. Maness; Cashier, J. C. G. Lentz.

MONTANA.

Twodot—Tooley, Baxter & Tice; Pres., C. A. Tooley; Vice-Pres., H. B. Tice; Cashier, E. C. Baxter.

Victor—Farmers' State Bank; capital, $25,000; Pres., A. S. Blake; Vice-Pres., H. J. H. John; Cashier, L. R. Peck.

NEBRASKA.

Berwyn—Berwyn State Bank; capital, $5,000; Pres., J. Haumont; Vice-Pres., E. A. Hanna; Cashier, W. L. McCandless.

Lincoln — First Trust and Savings Bank; capital, $50,000; Pres., S. H. Burnham; Vice-Pres., A. J. Sawyer; Cashier, H. S. Freeman.

Malcolm—Malcolm State Bank; capital, $7,500; Pres., J. W. Daily; Vice-Pres., Peter Kilzer; Cashier, R. F. Westerhoff.

Ohiowa—Home Bank; capital, $15,000; Pres., Joseph Story; Vice-Pres., Frank Sieber, Sr.; Cashier, F. J. Sieber; Asst. Cashier, E. J. Lynn.

NEVADA.

Reno—Nye and Ormsby Co. Bank; capital, $500,000; Pres., F. Golden; Vice-Pres., D. M. Ryan; Cashier, A. G. Raycraft; Asst. Cashier, F. B. Spriggs.

Round Mountain—Round Mtn. Banking Corporation; capital, $25,000; Pres., L. D. Gordon; Cashier, C. O. Olive.

NEW MEXICO.

Magdalena—Bank of Magdalena; capital, $17,200; Pres., Jno. Becker; Vice-Pres., G. Becker; Cashier, J. S. Mactavish.

NEW YORK.

Berlin—Taconic Valley Bank; capital, $25,000; Pres., A. E. Greene; Vice-Pres., E. H. Sawyer; Cashier, V. M. Allen; Asst. Cashier, A. O. Matteson.

New York—Nineteenth Ward Bank; Eighty-Sixth Street Branch; A. L. Ward, Mgr.

NORTH CAROLINA.

Bayboro—Bank of Pamlico; capital, $10,000; Pres., T. A. Uzzell; Vice-Pres., S. F. McCotter; Cashier, Z. V. Rawls.

Franklin—Macon County Bank; capital, $25,000; Pres., J. A. Porter; Vice-Pres., T. B. Higdon; Cashier, Lee Crawford.

NORTH DAKOTA.

Bowdle — First State Bank; capital, $10,000; Pres., J. C. Gross; Vice-Pres., H. C. Gross; Cashier, J. B. Gundert.

Richardton—Merchants' State Bank; capital, $10,000; Pres., L. A. Tanis; Vice-Pres., J. Kilzer; Cashier, J. Muggle.

OHIO.

Amherst—Amherst German Bank Co.; capital, $30,000; Pres., E. H. Nicholl; Vice-Pres., H. Kolbe; Cashier, W. H. Schibley; Asst. Cashier, A. G. Menz.

Chillicothe—Valley Savings Bank and Trust Co.; capital, $100,000; Pres., Geo. H. Smith; Vice-Pres., Alex. Rennick; Cashier, Jno. H. Blacker.

Columbus—David C. Beggs Bank; Pres., D. C. Beggs; Cashier, H. H. Shipley.

New Waterford—New Waterford Savings and Banking Co.; capital, $12,500; Pres., J. H. Koch; Vice-Pres., P. F. Vollnogle; Cashier, W. D. Gray.

Rushsylvania—Citizens' Bank Co.; capital, $15,000; Pres., W. L. Treece; Vice-Pres., L. W. Faucett; Cashier, W. C. Pearce; Asst. Cashier, S. L. Lyon.

Seaman—Farmers' Bank; capital, $5,000; Pres., C. W. Howard; Vice-Pres., J. A. Glasgow; Cashier, A. C. Sparks.

Stout—Citizens' Deposit Bank; capital, $5,600; Pres., Wm. Gropenbacher; Vice-Pres., W. F. McCormick; Cashier, A. T. Brock.

OKLAHOMA.

Looney—First State Bank; capital, $10,000; Pres., H. B. Johnson; Vice-Pres., P. S. Hoffman; Cashier, L. W. Burnett.

Randlett—Bank of Randlett; capital, $10,000; Pres., S. A. Gardner; Vice-Pres., O. B. Kee; Cashier, A. B. Moore.

SOUTH CAROLINA.

Union—Nicholson Bank and Trust Co.; successor to Wm. A. Nicholson & Son.

SOUTH DAKOTA.

Beresford—Security State Bank; successor to Union Banking Co.; capital, $25,000; Pres., J. E. Sinclair; Vice-Pres., S. O. Stensland; Cashier, O. Ofstad; Asst. Cashier, A. Hegness.

Cresbard—Farmers' State Bank; capital, $5,000; Pres., Jno. A. Day; Cashier, W. P. Holmes.

Hoven—First State Bank; capital, $5,000; Pres., J. M. Brasher; Vice-Pres., A. L. Goff; Cashier, P. W. Holmes.

Junius—State Bank of Junius; capital, $5,000; Pres., Jno. Wadden; Vice-Pres., Geo. E. Cochrane.

Lyon—Farmers' State Bank; capital, $6,500; Pres., W. F. Kelly; Vice-Pres., R. T. Sundol; Cashier, C. O. Stordohl.

Seneca—Merchants' Bank; capital, $5,000; Pres., A. Dixon; Vice-Pres., E. J. Dixon; Cashier, Jno. A. Dixon.

Warner—First State Bank; capital, $5,000; Pres., Wm. Werth; Vice-Pres., C. E. Barkl; Cashier, E. C. Stearns.

Woonsocket—Woonsocket State Bank; capital, $10,000; Pres., E. M. Smith; Vice-Pres., D. B. Finch; Cashier, W. H. Allen.

TENNESSEE.

Limestone—Limestone Banking Co.; capital, $6,000; Pres., S. N. Dotson; Vice-Pres., E. D. Henley; Cashier, M. F. Wheattey.

Rutherford—Rutherford Bank; successor to Bank of Rutherford; capital, $12,500; Pres., W. P. Elrod; Vice-Pres., Henry O'Daniel; Cashier, L. Porter; Asst. Cashier, F. L. Elrod.

Scotts Hill—Farmers' State Bank; capital, $5,000; Pres., J. M. Brasher; Vice-Pres., A. L. Goff; Cashier, P. W. Holmes.

TEXAS.

Brownwood—American Bank and Trust Co.; capital, $50,000; Pres., B. E. Hurlbut; Vice-Pres., W. D. McChristy; Cashier, A. T. Coffin.

Cotulla—Cotulla State Bank; capital, $25,000; Pres., G. M. Magill; Vice-Pres., F. B. Earnest; Cashier, V. H. Harding.

Houston—Union Home and Investment Co.; capital, $50,000; Pres., W. J. Williamson; Vice-Pres., C. J. McCarty; Secy. and Treas., H. C. Glenn.

Laredo—First State Bank and Trust Co.; capital, $100,000; Pres., J. A. Ortiz; Vice-Pres., M. A. Hirsch; Cashier, Jno. K. Woods.

Mineral Wells—First State Bank and Trust Co.; capital, $50,000; Pres., H. N. Frost; Vice-Pres., E. B. Ritchil; Cashier, W. S. Smith.

Roscoe—Roscoe State Bank; capital, $20,000; Pres., W. F. Jones; Vice-Pres's., J. B. Carlisle and G. F. Light; Cashier, E. L. Hopkins; Asst. Cashier, T. M. Dobbins.

VIRGINIA.

Richmond—West End Bank; capital, $25,000; Pres., Thos. E. Stagg; Vice-Pres., A. J. Stande; Cashier, Chas. K. Willis.

Stuarts Draft—People's Bank; capital. $10,000; Pres., Wm. F. Koiner; Vice-Pres., B. E. Watson; Cashier, S. W. Moore.

WASHINGTON.

Colton—Bank of Colton; capital, $150,000; Pres., S. Hilliard; Cashier, R. H. Hilliard.

Loomis—Okanogan State Bank; Branch of Riverside.

Twisp—Methoro Valley Bank; capital, $50.000; Pres., J. O. Ostby; Vice-Pres., L. H. Bowman; Cashier, C. J. Casad.

WISCONSIN.

Little Chute—Bank of Little Chute; capital, $15.000; Pres., H. J. Verstegen; Vice-Pres., Wm. Geenen; Cashier, P. A. Gloudemans; Asst. Cashier, G. H. Peters.

Milwaukee—Mitchell Street State Bank; capital, $50,000; Pres., V. Zimmermann; Vice-Pres., S. J. Wabiszewski; Cashier, J. F. Egerton.

WYOMING.

Grey Bull—Grey Bull State Bank; capital, $10,000; Pres., C. F. Cather; Vice-Pres., R. C. Cather; Cashier, J. D. Cather.

CANADA.

SASKATCHEWAN.

Oxbow—Merchants' Bank of Canada; James Pike, Mgr.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Abbeville—First National Bank; M. V. Capps, Pres. in place of G. H. Malone.

Birmingham—American Trust and Savings Bank; H. B. Urquhart, Cashier, resigned.

Cuba—Bank of Cuba; R. C. Weems, Cashier, in place of S. C. Ward.

Tuskegee—Bank of Tuskegee; Jno. H. Drakeford, Pres.; Geo. T. Hill, Cashier.

ALASKA.

Valdez—Valdez Bank and Mercantile Co.; reports, R. P. Ferguson, Vice-Pres.; A. L. Lang, Asst. Cashier.

ARIZONA.

Morenci—Gila Valley Bank and Trust Co.; I. E. Wickersham, Vice-Pres.; C. A. Kennedy, Cashier.

ARKANSAS.

Boonville—Farmers and Merchants' Bank; Geo. J. Ross, Pres., in place of J. W. McConnell, resigned.

Fordyce—Citizens' Bank; capital increased to $45,000.

Little Rock—Exchange National Bank; E. F. Hussmann, Asst. Cashier, in place of W. L. Hemingway.

Midland—Bank of Midland; C. H. Finley, Cashier.

Waldron—Waldron Bank; James Center, Cashier, in place of P. H. Thompson, resigned; Wm. Piles, Asst. Cashier.

Wyne—Cross County Bank; O. E. Harris, Pres.; I. Block, R. Block, and O. E. Harris, Vice-Pres's; D. H. Hamilton, Cashier.

COLORADO.

Amethyst—Tomkins Bros.; W. I. Leary, Cashier.

Sedgwick—Sedgwick County Bank; reports J. W. Broadhead, Pres.; C. B. McKinstry, Cashier.

CALIFORNIA.

Alturas—Bank of E. Laner & Sons; title changed to Bank of Modoc County.

Hollywood—Hollywood Savings Bank and Trust Co.; J. Law, Pres.; J. B.

Brokaw and F. M. Douglas, Vice-Pres's.
Los Angeles—American Bank and Trust Co.; Isaac Springer, Pres., resigned.
Pasadena—American Bank and Trust Co.; Isaac Springer, Pres., reported resigned.
Sacramento—Capital Bank and Trust Co.; succeeded by California State Bank.
San Francisco—Wells-Fargo Nevada National Bank; E. L. Jacobs, Asst. Cashier in place of J. E. Miles.
San Jose—Commercial and Savings Bank; J. T. McGeoghegan, Cashier, deceased.
Santa Ana—Orange County Savings Bank; Elmer B. Burns, Cashier.
Yuba City—Farmers' Co-operative Union of Sutter County; Geo. W. Carpenter, Pres., deceased.

CONNECTICUT.

Danbury—Savings Bank of Danbury; H. T. Hoyt, Asst. Cashier, Sec'y and Treas.—Union Savings Bank; G. F. Lyon, Asst. Sec'y and Treas. in place of L. L. Hubbell; C. Ryder, Treas., resigned.
Essex—Saybrook Bank; C. G. Cheney, Pres.; W. C. Griswold, Vice-Pres.
Hartford—Phoenix National Bank; W. B. Bassett, Asst. Cashier—Society for Savings; F. E. Prentice, Second Asst. Treas.—State Savings Bank; G. H. Stoughton, Treas.; W. H. Champlin, Sec'y.
Norwich—Chelsea Savings Bank; F. S. Camp, Vice-Pres., deceased.
Torrington—Torrington National Bank; F. F. Fuessenich, Vice-Pres. in place of H. J. Henday; J. H. Seaton, Asst. Cashier.
Wallingford—Dime Savings Bank; C. B. Yale, Pres., in place of L. M. Hubbard, deceased; C. D. Morris, Vice-Pres.
Waterbury—Waterbury National Bank; A. M. Blakesley, Vice-Pres.; A. J. Blakesley, Cashier in place of A. M. Blakesley.

DELAWARE.

Newark—Newark Trust and Safe Deposit Co.; Geo. D. Kelley, Jr., Treas.

DISTRICT OF COLUMBIA.

Washington—Citizens' Savings Bank; B. R. Walters, Cashier and Treas.—Merchants and Mechanics' Savings Bank; E. E. Jordan, Vice-Pres.; W. C. Worthington, Sec'y and Treas.—Potomac Savings Bank; H. W. Offutt, Sec'y.

FLORIDA.

Deland—Volusia County Bank; J. B. Conrad, reported Vice-Pres.
Jacksonville—Union Savings Bank; Capital increased to $50,000.

GEORGIA.

Acworth—Bank of Acworth; J. E. Carnes, Asst. Cashier.
Adel—Citizens' Bank; J. E. Nobles, reported Asst. Cashier.
Ashburn—Ashburn Bank; J. S. Johnson, Asst. Cashier.
Atlanta—Neal Bank; W. F. Maury, Vice-Pres.; H. C. Caldwell, Cashier; F. M. Berry, Asst. Cashier.
Bartow—Barton Bank; R. S. Harrell, Asst. Cashier.
Bowden—Bank of Bowden; J. L. Lovvorne, Pres.; R. M. Lovvorne, Vice-Pres.
Buford—Shadburn Banking Co.; E. A. Wilbanks, Cashier in place of R. H. McCrary.
Columbus—Merchants and Mechanics' Bank; J. K. Hinde, Cashier.
Edison—Bank of Edison; capital increased to $50,000.
Elko—Bank of Elko; W. E. Means, Pres.; C. D. Cooper, Vice-Pres.; A. C. Pate, Jr., Cashier.
Kingston—Bank of Kingston; J. E. Hargis, Cashier.
Louisville—Bank of Louisville; R. M. Kirkpatrick, Asst. Cashier.
Lyerly—Bank of Lyerly; reports A. E. Doster, Pres.; J. L. Pollock, Vice-Pres.; Geo. Harper, Cashier.
Macon—Home Savings Bank; W. R. Rogers, Asst. Cashier.
Norcross—Bank of Norcross; J. S. Wingo, Asst. Cashier.
Pembroke—Bryan County Bank; reports P. J. Burkhalter, Vice-Pres.; H. L. Burkhalter, Asst. Cashier.
Pinehurst—Bank of Pinehurst; J. R. Horne, Pres.; C. A. Thompson, Vice-Pres.
Richland—People's Bank; R. J. Dixon, reported Cashier.
Savannah—Hibernia Bank; J. P. Doolan, Asst. Cashier.
Soperton—People's Bank; R. E. Ward, reported Cashier.
Sparks—Merchants and Farmers' Bank; F. C. Adams, reported Vice-Pres.; capital increased to $35,000.
Washington—Bank of Wilkes; capital increased to $50,000.

IDAHO.

Glenns Ferry—Glenns Ferry Bank; A. K. Steuenberg, Pres.; Joseph Rosevear, Vice-Pres.; George Rosevear, Asst. Cashier.

ILLINOIS.

Aledo—Aledo Bank; T. C. Henderson, Asst. Cashier.
Bardolph—Bank of Bardolph resumed business; T. Dougherty, Pres.; W.

Harris, Vice-Pres.; under management of N. G. Smith & Co.
Beaverville—H. Lamber & Son; F. J. Lambert, Asst. Cashier.
Berwick—Farmers' State Bank; J. Kirby, reported Vice-Pres.
Burnside—State Bank; A. J. Harris, Vice-Pres.
Cairo—First Bank and Trust Co.; succeeded City National Bank and Enterprise Savings Bank.
Canton—First National Bank; no Vice-Pres. in place of Louisa McCall, deceased.
Chicago—Illinois Trust Savings Bank; capital increased to $5,000,000.—Prairie State Bank; capital increased to $500,000.—Sherman, Hitchcock & Co.; title changed to F. B. Sherman & Co.
Geneseo—Farmers' National Bank; W. M. Stewart, Cashier in place of J. P. Stewart, deceased; J. A. Bradley, Asst. Cashier.
Grant Park—State Savings Bank; reports E. C. Curtis, Pres.; C. J. Hayden, Cashier.
Greenfield—Sheffield & Co.; title reported changed to First National Bank.
Harvel—Harvel Bank; reports Theo. H. Koch, Pres.; J. A. Huber, Asst. Cashier.
Joliet—First National Bank; Geo. Woodruff, Pres. in place of F. W. Woodruff, deceased; no Vice-Pres. in place of Geo. Woodruff.
Lacon—First National Bank; W. H. Ford, Pres. in place of Jno. I. Thompson; Jno. I. Thompson, Vice-Pres.; T. M. Hancock, Cashier in place of W. H. Ford.
Leland—First National Bank; W. V. Strong, Cashier in place of Geo. O. Grover; S. Hum, Asst. Cashier.
Loraine—Loraine State Bank; reports S. S. Groves, Cashier; J. G. Stuart and J. A. Ansmus, Asst. Cashiers.
Manito—People's State Bank; C. A. Parker, Vice-Pres.; R. L. Mohr, Cashier.
Media—Media State Bank; capital increased to $50,000.
Morton Park—Lincoln Bank; W. J. Atkinson, Vice-Pres., reported embezzler.
Oak Park—Avenue State Bank; O. W. Herrick, Vice-Pres., deceased.
Owaneco—Eaton Bros.; reports J. S. Eaton, Pres.; W. L. Eaton, Vice-Pres.; C. Warkman, Cashier.
Peoria—Savings Bank; Wm. Heron, Pres., deceased.
Pekin—Teis Smith Bank; C. Luppen, Cashier, reported embezzler.
Richmond—Bank of Richmond; W. A. McConnell, reported Asst. Cashier.
Savanna—Savanna State Bank; W. S. Wallace, Asst. Cashier.
Sidell—First National Bank; S. F. Baldwin, Acting Cashier in place of J. F. Teague.
Sparta—First National Bank; W. J. Brown, Vice-Pres. in place of Geo. C. Eiker.
Urbana—Busey's Bank; P. G. Busey, Vice-Pres.; G. H. Baker, Cashier; D. D. Webber and S. H. Busey, Asst. Cashiers.
Utica—Clark's Bank; N. J. Cary, Pres.; J. F. Blakeslee, Vice-Pres.; K. W. Bowden, Asst. Cashier.
Viola—Commercial Bank, incorporated, capital $25,000.

INDIANA.

Angola—Angola Bank; reported reorganized; capital, $60.000; Pres., G. R. Wickwire.
Cynthiana—Cynthiana Banking Co.; Z. T. Emerson, Vice-Pres.; Jno. S. McReynolds, Cashier.
Decatur—Old Adams County Bank; C. S. Niblick, Pres.; M. Kirsch, Vice-Pres.; E. X. Ehinger, Cashier; F. J. Wenhoff, Asst. Cashier.
Dunkirk—First State Bank; capital increased to $30,000.
East Chicago—First National Bank; G. J. Bader, Pres. in place of Albert De W. Erskine.
Greenfield—Greenfield Banking Co.; Jno. A. Rhue, Cashier.
Hobart—Hobart Bank; W. H. Gardner, Pres.; W. G. Black, Cashier; E. J. Gardner, Asst. Cashier.
Indiana Harbor—Indiana Harbor State Bank; G. J. Bader, Pres.; J. H. Youcks, Vice-Pres.
Indianapolis—People's Deposit Bank; title changed to People's State Bank.
Knightstown—Citizens' State Bank; F. J. Vestal, Vice-Pres. in place of T. Fish.—First National Bank; E. C. Morgan, Cashier in place of N. W. Wagoner; W. F. Wallace, Asst. Cashier in place of E. C. Morgan.
Pennville—People's State Bank; Samuel Mason, Pres.; H. H. Coffel, Cashier.
Pierceton—People's Bank; Chas. R. Schram, Asst. Cashier.
Stockwell—Bank of Stockwell; Mae Hamilton, Asst. Cashier.

INDIAN TERRITORY.

Bradley—Bank of Bradley; C. B. Clark, Cashier.
Skiatook—First Bank absorbed by Skiatook Bank.
Tulsa—Union Trust Co.; reports J. W. McLoud, Pres.; B. Erick and R. N. Bynam, Vice-Pres's.

IOWA.

Cedar Rapids—Citizens' National Bank; R. T. Forbes, Third Vice-Pres.; J. S. Brocksmit, Cashier in place of R. T. Forbes.

Clearfield—Farmers' State Bank; H. O. Hughes, Asst. Cashier, reported an embezzler.
Dyersville—Farmers' State Bank; C. A. Smith, reported Vice-Pres.
Grand Junction—Citizens' Bank; Mahlon Head, Pres.
Hardy—People's Savings Bank, succeeds State Bank of Hardy.
Ladora—Ladora Savings Bank; W. B. Fields, Vice-Pres.
Lake Mills—Farmers' State Bank; T. S. Tweed, Cashier, resigned.
Mason City—Commercial Savings Bank; G. B. Frazier, Cashier in place of G. E. Winter.
Meservey—Farmers' Savings Bank; E. W. Russell, Cashier, resigned.
Muscatine—Hershey State Bank; capital increased to $100,000—Muscatine Savings Bank; title changed to First Trust and Savings Bank.
Neola—State Bank; L. D. Goodrich, Cashier, resigned.
New Sharon—Citizens' Bank; A. L. Fox, Pres.
Ottumwa—South Ottumwa Bank; C. D. Evans, Cashier.
Perry—Citizens' State Bank; L. A. Blezek, Asst. Cashier, resigned.
Pleasantville—Citizens' Bank; H. Horseman, Pres. in place of A. Martin, resigned.
Redfield—State Bank succeeded to Bank of Redfield.
Red Oak—First National Bank; Cashier, F. J. Brodby.
Renwick—First National Bank; H. B. Cole, Cashier in place of W. M. Hoffman; W. E. Harvey, Asst. Cashier in place of H. B. Cole.
Riceville—Farmers and Merchants' Bank; T. W. Zilk, C. F. Spring, Asst. Cashier.
Sully—Bank of Sully; F. C. Andreas, Pres. in place of L. H. Sherman.
Whittemore—German-American Bank; J. S. Cullen, Cashier in place of J. F. Shaible.
Yetter—State Savings Bank; Oscar Minder, Asst. Cashier.

KANSAS.

Chanute—Home State Bank and People's State Bank, reported consolidated.
Emporia—Emporia National Bank; L. W. Lewis, Vice-Pres.
Moran—Moran State Bank; H. Taylor, Pres. in place of Jos. Cooke.
Potter—Potter State Bank; Fred Ode, reported Vice-Pres.

KENTUCKY.

Beard—Beard Deposit Bank; T. T. Magee, Cashier in place of S. B. Royster, resigned.
Carlisle—Deposit Bank; W. B. Ratcliff, Pres. in place of T. C. Darnall.
Covington—First National Bank; E. S. Lee, Pres.; Joe H. Becker, Cashier in place of E. S. Lee; H. T. Reinke, Asst. Cashier in place of Joe H. Becker.
Falmouth—Citizens Bank; E. S. Clarke, Cashier in place of H. W. Hartsough, resigned.
Georgetown—Bank of Georgetown; capital increased to $75,000.—Farmers' Bank and Deposit Bank and Trust Co.; reported consolidated under title of Farmers' Bank and Trust Co.
Henderson—Planters' State Bank; capital increased to $200,000.
Irvine—W. T. B. Williams & Son; Thos. Williams, Pres.; G. B. Williams, Vice-Pres.
Lancaster—Garrard Bank and Trust Co.; J. W. Elmore, Cashier.
Lawrenceburg—Citizens' Bank succeeded by Citizens' Bank and Trust Co.
Lexington—First National Bank; J. W. Porter and G. H. Barr, Asst. Cashiers.
Louisville—Commercial Bank and Trust Co.; E. W. Hays, Cashier.
Mackville—Farmers' Bank; J. M. Smith, Cashier in place of Joseph Salee.
White Plains—Farmers' Bank; Allie Moore, Cashier.

LOUISIANA.

Covington—Covington Bank and Trust Co.; J. S. Brock, Jr., Asst. Cashier. —St. Tammany Banking Co. and Savings Bank; capital reported increased to $50,000.
Franklinton—Farmers and Merchants' Bank; S. H. Burris, Vice-Pres.
Logansport—Bank of Logansport; Smith Price, Asst. Cashier.
Many—Sabine Valley Bank and Many State Bank consolidated; title changed to Sabine State Bank; capital, $50,000.
Monroe—Central Savings Bank & Trust Co.; capital increased to $250,000.

MAINE.

Bath—Lincoln National Bank; F. H. Low, Pres., in place of J. C. Ledyard; F. F. Blaisdell, Cashier, in place of F. H. Low.
Brunswick—Brunswick Savings Institution; W. Thompson, Pres., deceased. Marine National Bank; R. D. Bibber, Vice-Pres., in place of Chas. E. Hyde.

MARYLAND.

Baltimore—Commercial and Farmers National Bank; G. A. Von Lingen, Pres., in place of W. A. Mason; J. M. Easter, Vice-Pres., in place of G. A. Von Lingen.
Baltimore—United Surety Co.; H. G. Penniman, Pres., in place of W. G. Hoffman, resigned.
Frederic—Farmers and Mechanics' National Bank; C. A. Gibson, Cashier in place of W. H. Duvall.

Pocomoke City—Pocomoke City Nationl Bank; W. S. Dickinson, Vice-Pres., in place of I. H. Merrill, deceased.

Queenstown—Queenstown Savings Bank; Geo. L. Wallace, Cashier.

MASSACHUSETTS.

Amherst—Amherst Savings Bank; D. W. Palmer and W. E. Bridgeman, Vice-Pres.; Secy., Geo. Cutler.

Boston—American Loan and Trust Co.; T. J. Coolidge, Jr., temporary Pres.—Beacon Trust Co.; J. A. Brown, Vice-Pres., resigned.—Freemans National Bank; J. E. Ryder, Asst. Cashier.—Home Savings Bank and International Trust Co.; T. F. Temple, Vice-Pres., deceased.—National Bank of the Republic; E. P. Hatch, Vice-Pres.—National Exchange Bank; W. S. Swan, Pres., in place of H. Murdock.—C. S. Purinton and Co.; C. S. Purinton, reported resigned; title changed to Collins. Spaulding & Co.—Puritan Trust Co.; Wm. R. Dresser, Pres., deceased. —E. Rollins Morse and Bros., succeeded by Ulman Morse and Co.—W. J. Hayes and Son; W. L. Hayes, retired.—Second National Bank; C. F. Fairbanks, Vice-Pres.—C. W. Tewkesbury and Son; title changed to C. W. Tewksbury and Co.

Cambridge—Cambrigeport Savings Bank; Edw. W. Kendall, F. W. Tilton and M. Hannum, Vice-Pres.

Chicopee—Chicopee Savings Bank; A. J. Jenks, L. E. Hitchcock and L. A. Aumann, Vice-Pres.

Fall River—Fall River National Bank; W. E. Turner, Vice-Pres., in place of H. Field.

Greenfield—Franklin County National Bank; C. H. Keith, Vice-Pres.; W. B. Keith, Cashier in place of C. H. Keith. —Franklin Savings Bank; J. E. Donovan, Secy., in place of F. R. Allen.

Lowell—Appleton National Bank; E. J. Neale, Pres., in place of C. H. Allen; no Vice-Pres., in place of E. J. Neale.

Lynn—Security Safe Deposit and Trust Co.; N. E. Silsbee, Secy.

New Bedford—New Bedford Five Cents Savings Bank; Vice-Pres., W. Clifford and Otis N. Pierce.

Peabody—Warren National Bank; B. N. Moore, Second Vice-Pres.

Wareham—Wareham Savings Bank; J. C. Makepeace, Pres.; Jno. Huxtable, Vice-Pres.

Weymouth—Weymouth Savings Bank; C. P. Hunt, Pres., deceased.

Worcester—Worcester Five Cents Savings Bank; S. M. Story, G. J. Rugg. E. Brown, R. F. Upham, O. E. Putnam and J. Draper, Vice-Pres.

MICHIGAN.

Alpena—Alpena Banking Co., succeeded by State Savings Bank.

Detroit—Peoples Savings Bank and State Savings Bank reported consolidated.

Grand Rapids—State Bank of Michigan; C. Baarman, Cashier, in place of M. H. Sorrick, resigned.

Lake Odessa—Lake Odessa Savings Bank; title changed to Lake Odessa State Savings Bank.

Three Rivers—First National Bank; C. G. Cox. Asst. Cashier.

Whitehall—State Bank; Wm. Anderson. Cashier, resigned. Geo. E. Covell succeeds him.

MINNESOTA.

Conger—Farmers and Merchants' Bank; succeeded by Citizens' Bank; R. O. Olsen, Pres., A. C. Paulson, Cashier.

Fosston—First State Bank; E. O. Randkley, Cashier, in place of S. Olson, resigned.

Grand Meadow—Exchange Bank; title changed to Exchange State Bank.

Minneapolis—First National Bank; H. O. Willoughby, Asst. Cashier.

Pine Island—Citizens' Bank; succeeded by Citizens' State Bank; capital, $15,-000.

Rushford—First National Bank; Niles Carpenter, Pres., in place of N. P. Colburn; L. Tagland, Cashier, in place of Niles Carpenter; no Asst. Cashier in place of E. E. Highum.

Staples—Citizens' State Bank; capital increased to $25,000.

St. Cloud—Stearns County Bank; Earl Russell, Asst. Cashier.

St. Paul—First National Bank; E. H. Bailey, Pres., in place of H. P. Upham; E. N. Saunders, Vice-Pres., in place of E. H. Bailey.

Triumph—Triumph State Bank; reports capital increased to $15,000.

Windom—Cottonwood Co. Bank; R. M. Priest, Pres., resigned.

MISSISSIPPI.

Corinth—Corinth Bank and Trust Co.; Sam Sharp, Pres., deceased.

Jackson—Capital City Bank and Trust Co.; Geo. C. Swearingin. Asst. Cashier, in place of C. V. Allen, resigned.

Meridan—People's Savings Bank; Tom Lyle. Pres., S. A. Klein, Vice-Pres.—Southern Bank; T. E. Rivers, Vice-Pres., deceased.—Union Bank and Trust Co.; G. W. Meyer, Pres., deceased.

New Albany—Merchants & Farmers' Bank; P. J. Rainey, Pres.

Prentiss—Bank of Blountsville; capital increased to $25,000.

Richton—Bank of Richton; capital increased to $50,000.

Schlater—Bank of Schlater; J. E. Greer, Pres.; D. C. Anderson and M. Gidwitz, Vice-Pres.; E. H. Schlater, Cashier.

West Point—Citizens' Bank; A. F. Fox., Pres., in place of S. L. Hearn.

MISSOURI.

Ashland—Bank of Bass, Johnston and Co.; J. S. Harris, Cashier, deceased.

Fayette—Farmers and Merchants' Bank; A. F. Davis, Pres., deceased.

Festus—Citizens Bank; D. B. Frost, reported Vice-Pres.

Gallatin—First National Bank; J. E. Scott, Cashier, in place of Jas. N. Netherton; A. J. Place, Asst. Cashier, in place of J. E. Scott.

Louisiana—Mercantile Bank; reports W. G. Tinsley, Vice-Pres.; E. B. Rule, Cashier.

Malden—Dunklin County Bank; capital increased to $20,000.

Poplar Bluff—Bank of Poplar Bluff; capital increased to $100,000.

Richards—Bank of Richards; W. P. Whitclair, Asst. Cashier.

So. St. Joseph—Bank of Commerce; A. H. Penfield, Pres., retired.

St. Louis—Central National Bank; H. A. Forman, Pres., in place of E. S. Lewis; E. S. Lewis, David Sommers, and L. A. Browning, Vice-Pres., in place of J. C. Roberts, and R. D. Lewis.—Fourth National Bank; E. Hidden, Pres., in place of H. A. Forman.—St. Louis Union Trust Co.; F. V. Dubrouillet, Treas.; J. F. Walker, Asst. Treas.

Vienna—Maries County Bank; J. F. Felker, Asst. Cashier, deceased.

NEBRASKA.

Bloomfield—Citizens' State Bank; Wm. Barge, Asst. Cashier, resigned.—Farmers & Merchants' State Bank; W. H. Harm, Pres., in place of Sherman Saunders.

Comstock—Comstock State Bank; H. A. Sherman, Pres., W. J. Root, Cashier.

Creighton—Security Bank; J. G. Kruse, Pres.

Franklin—Franklin State Bank; F. M. Hildreth, Vice-Pres.; Carl Nelson, Asst. Cashier.

Gandy—Gandy Bank; E. R. Smith, Vice-Pres.

Hadar—Farmers' State Bank; capital increased to $8,000.

Jansen—State Bank; J. E. Grebe, Cashier, in place of C. J. Claassen.

Newman Grove—Newman Grove State Bank; John Blomquist, Vice-Pres.

Omaha—First National Bank; J. A. Creighton, Pres., in place of Herman Kountze; F. H. Davis, Vice-Pres., in place of J. A. Creighton; C. T. Kountze, Vice-Pres.; L. L. Kountze, Cashier, in place of F. H. Davis; T. L. Davis, Asst. Cashier, in place of C. T. Kountze; no Asst. Cashier in place of L. L. Kountze.

Osmond—Security State Bank; N. Nissen, Cashier.

Pierce—Farmers' State Bank; capital increased to $8,000.

Valentine—Valentine State Bank; Orah L. Britten, Asst. Cashier.

NEVADA.

Carson City—Nye and Ormsby County Bank; capital increased to $500,000.

NEW JERSEY.

Hackettstown—Hackettstown National Bank; H. W. Hunt, Vice-Pres., in place of M. T. Welsh.—Peoples National Bank; W. G. Sutphin, Vice-Pres., in place of M. T. Welsh; M. T. Welsh, Cashier.

Moorestown — Moorestown National Bank; W. R. Lippincott, Pres., in place of D. D. Griscom, deceased; J. C. Hopkins, Vice-Pres., in place of W. R. Lippincott.

Morristown—Morris Co. Savings Bank; D. H. Rodney, Secy. and Treas., deceased.

Riverton—Cinnaminson National Bank; E. L. Williams, Cashier.

NEW YORK.

Aurora—First National Bank; E. Doughty, Cashier, in place of A. Mosher, deceased; M. Webb, Asst. Cashier, in place of E. Doughty.

Buffalo—Third National Bank; L. L. Lewis, Pres.; R. B. Adam, Second Vice-Pres., in place of L. L. Lewis.

Cohoes—Manufacturers' Bank; J. S. Chute, Cashier, in place of LeRoy Vermilyea.

Geneva—Geneva National Bank; M. S. Sandford, Pres., in place of S. H. Ver Planck; W. O. Hanlon, Cashier, in place of M. S. Sandford.

Ithaca—Tompkins Co. National Bank; H. L. Hinckley, Vice-Pres.; A. G. Stone, Cashier, in place of H. L. Hinckley; D. N. Van Hoesen, Asst. Cashier, in place of A. G. Stone.

New York City—Bank for Savings; Wm. W. Smith, Pres., deceased.—Colonial Trust Co.; A. S. Grossman, Treas., deceased.—Commercial Trust Co.; Geo. J. Baumann, Vice-Pres.—Commonwealth Trust Co.; capital reduced to $250,000.—First National Bank; W. J.

Nevins, Asst. Cashier, in place of H. Fahnestock; S. W. M. Bishop, Asst. Cashier.—Greenwich Savings Bank; James Quinlin, Pres., in place of J. H. Rhoades. — Guarantee Trust Co.; O. L. Gubelman, Vice-Pres., reported resigned.—Liberty National Bank; F. B. Schenck, Pres., in place of E. C. Converse.—Morton Trust Co.; C. A. Conant, Treas., resigned.—Nassau Bank; W. H. Rogers, Pres., in place of F. H. Richardson, deceased; Edw. Earl, Cashier.—Night and Day Bank; A. D. Bennett, Pres.—Trust Co. of America; absorbs Colonial Trust Co. —Trust Co of America; R. J. Chatry, Secy.. resigned.—United States Title Guarantee and Indemnity Co.; capital increased to $1.250,000.—Union Exchange Bank; Wm. Ballin, Vice-Pres. —United States Trust Co.; W. J. Worcester, Asst. Secy.; C. A. Edwards, second Asst. Secy.

Oxford—First National Bank; Fredk. A. McNeil, Asst. Cashier.

Poughkeepsie—Fallkill National Bank; Geo. W. Sweet, Asst. Cashier.

Red Hook—First National Bank; P. F. Potts, Vice-Pres., in place of J. W. Elseffer.

Rochester—East Side Savings Bank; W. H. Mathews and A. B. Lamberton. Vice-Pres.—National Bank; G. A. Hollister, Vice-Pres., in place of A. Vogt; P. A. Vay, Cashier; W. B. Farnham, First Asst. Cashier, in place of P. A. Vay; Second Asst. Cashier, E. F. Pillow.

Syracuse — Onondaga County Savings Bank; Edw. S. Dawson, Sr., Pres., deceased.

Utica—Utica Trust and Deposit Co.; capital increased to $400,000.

Waterloo—First National Bank; C. D. Becker, Pres., in place of C. P. Terwilliger; C. C. Bachman, Vice-Pres., in place of J. H. Haslett; W. K. Denniston, Cashier, in place of C. D. Becker; no Asst. Cashier in place of W. K. Denniston.

NORTH CAROLINA.

Charlotte—Southern States Trust Co.; title changed to American Trust Co.; W. S. Lee, Jr., Vice-Pres.; capital increased to $4,000,000.

Maxton—Bank of Maxton; M. W. Cole, Cashier, reported resigned.

Rockingham—Bank of Pee Dee; W. L. Parson, Pres., in place of T. C. Leak, resigned; W. I. Everett, Vice-Pres.; Jnl. Armistead, Acting Cashier.

Wilmington — Carolina Savings and Trust Co.; J. H. Chadbourn and D. McEachern, Vice-Pres.

NORTH DAKOTA.

Bantry—State Bank; Thos. Graber, Asst. Cashier.

Hanrah—Citizens' State Bank, succeeds Citizens' Bank; Wm. Dryburgh, Cashier.

Lankin—First State Bank; T. W. Shogren, Cashier, in place of J. D. Robertson.

Maunhaven—Mercer County State Bank; E. M. Sew, reported, Cashier.

OHIO.

Akron—People's Savings Bank and Security Savings Bank reported consolidated under former title.—Tabor and Wiltse Bank, reported reopened.

Batavia—First National Bank; R. W. C. Gregg, Pres., in place of M. Jamieson; J. F. Dial, Second Vice-Pres. and Asst. Cashier; P. F. Jamieson, Cashier, in place of J. F. Dial.

Canfield—Farmers' National Bank; J. Truesdale, Vice-Pres.

Cincinnati—Citizens' National Bank; capital increased to $2,000,000.—Cincinnati Trust Co.; reorganized; C. C. Richardson, Vice-Pres., resigned.—Helvetia Savings and Banking Co.; title changed to Columbia Bank and Savings Co.—Seasongood and Mayer; Chas. Mayer, deceased.

Greenwich—Farmers' Banking Co.; J. T. Morris, reported Vice-Pres.

Jefferson—First National Bank; A. F. Galpin, Vice-Pres.

Lancaster—Fairfield National Bank; P. R. Peters, Asst. Cashier.

Manchester—Bank of Manchester; D. F. Godfrey, reported Asst. Cashier.

Mansfield—Bank of Mansfield; capital increased to $15,000.

Mount Vernon—First National Bank; Ben Ames, Vice-Pres.

Paulding—Farmers' Banking Co.; R. S. Wheeler, Cashier, in place of O. K. Dickinson, resigned.

Piqua—Piqua Savings Bank; capital increased to $100,000.

Toledo—Home Savings Bank; W. H. Yeasting, reported Cashier, in place of W. B. Snyder, resigned.

Urbana—Champaign National Bank; C. H. Marvin, Vice-Pres., in place of S. M. Mosgrove.

Wauseon—People's Bank; title changed to People's State Bank.

OKLAHOMA.

Ringer—First State Bank; W. H. Marva, Sr., Vice-Pres.

Elgin—Bank of Elgin, reports, W. W. Brunskill, Pres.; L. C. Coffin, Vice-Pres.; B. M. Brunskill, Cashier.

Hydro—Hydro State Bank; A. F. Kee, Cashier.

OREGON.

Eugene — Chambers-Bristow Banking Co.; H. E. Ankeny, Vice-Pres., deceased.

Nyssa—Farmers and Merchants' Bank A. R. Wallace, Asst. Cashier.

Pendleton — Pendleton Savings Bank; Montie B. Gwinn, Pres., in place of W. J. Furnish.

Prairie City—Stockmen and Traders' Bank; Donald Ross, Cashier; Harold Butler, Asst. Cashier.

Tillamook—Tillamook Co. Bank; capital increased to $30,000.

PENNSYLVANIA.

Bellwood—First National Bank; W. F. Wagner, Vice-Pres., in place of W. H. Jeffries.

Bridgeport—Bridgeport National Bank; Jno Hampton, Vice-Pres., in place of Clarence Hodson; L A. Smith, Vice-Pres.

Brookville—National Bank; Clarence Corbet, Vice-Pres.

Brownsville — Monongahela National Bank; W. A. Edmiston, Vice-Pres., in place of H. W. Robinson; W. A. Edmiston, Cashier.

Cecil—First National Bank; C. W. Benney, Cashier, in place of Ignatz Stauffer.

Dubois—Deposit Nátional Bank; M. I. McCreight, Vice-Pres., in place of D. L. Corbett, B. B. McCreight, in place of M. I. McCreight.

Duquesne—First National Bank; L. M. Snowden, Asst. Cashier.

Hyndman—Hoblitzell National Bank; A. E. Miller, Pres., in place of J. J. Hoblitzell; H. L. Smathers, Vice-Pres., in place of A. E. Miller.

Johnstown—Dollar Deposit Bank; F. H. Luebbert, Cashier, in place of W. T. Vinton, resigned; I. Jendricks, Asst. Cashier.

McKeesport—City Bank; S. E. Vaughan, Asst. Cashier.

Media—First National Bank; R. Fussell, Cashier, in place of E. A. Price, Jr.

Millersburg—First National Bank; H. J. Johnson, Vice-Pres., in place of W. B. Meetch.

Milton—Milton National Bank; H. J. Raup, Cashier, in place of H. R. Frick; T. C. Heinen, Asst. Cashier in place of H. J. Raup.

Philadelphia—Bank for Savings; L. M. Plummer, Vice-Pres., in place of Wm. Roseburg.—Central National Bank; W. T. Elliott, Pres., in place of Theodore Kitchen, deceased.—Manayunk Trust Co.; T. H. Ashton, Pres., in place of B. Kenworthy, resigned.—Newburger Bros. and Henderson; title changed to Newburger, Henderson and Loeb.—Philadelphia Clearing House; F. B. Reeves, Pres., in place of J. H. Michener, deceased.—Philadelphia National Bank; L. L. Rue, Pres., in place of N. P. Shortridge.—Real Estate Trust Co.; E. S. Buckley, Treas., in place of H. E. Young.—Sixth National Bank; H. Shetzline, Vice-Pres., in place of Geo. May, deceased.

Pittsburg—Bank of Pittsburg; Wm. Roseburg, Vice-Pres., deceased. — Guarantee Title & Trust Co., absorbed Home Trust Co.—Guarantee Title and Trust Co.; R. J. Davidson, Vice-Pres., in place of F. L. Phillips, resigned.—Union National Bank; W. W. Bell, Asst. Cashier, in place of W. T. Lyon.

Red Lion—Farmers and Merchants' National Bank; Henry Jacobs, Asst. Cashier, in place of H. H. Minnich.

Scranton—County Savings Bank; capital increased to $100,000.

Stoystown—First National Bank; E. T. Fulton, Asst. Cashier.

Turtle Creek—First National Bank; Wm. Lauler, Cashier, in place of P. R. Holland.

SOUTH CAROLINA.

Anderson—Farmers and Merchants' Bank; E. P. Vandiver, Cashier.

Bishopville—Bank of Bishopville; W. G. Parrott, Asst. Cashier, in place of R. D. Reid, resigned.—Farmers' Loan and Trust Co.; W. L. Parrott, Cashier, in place of J. R. Parker, resigned; McD. Davis, Secy.

Blacksburg—Bank of Blacksburg; P. H. Freeman, Vice-Pres., resigned.

Chester—White Bros.; E. Alexander, Asst. Cashier.

Columbia—Columbia Trust Co.; title changed to Columbia Savings Bank and Trust Co.

Dillon—Bank of Dillon; capital increased to $75,000.

Lancaster—Bank of Lancaster; L. C. Harrison, Cashier, resigned.

Mayesville—Bank of Mayesville; R. J. Mayes, Jr., Vice-Pres.; C. E. Mayes, Asst. Cashier.

Prosperity—Bank of Prosperity; G. N. Hunter, Pres., in place of A. G. Wise, resigned; J. S. Wheeler, Vice-Pres.

Rock Hill—Bank of Rock Hill; J. S. White, Asst. Cashier, resigned.

SOUTH DAKOTA.

Avon—German Bank; incorporated; capital, $55,000.

Beresford—Union Banking Co.; incorporated; title changed to Security State Bank.

Bristol—First National Bank; G. A. Bennett, Vice-Pres.; T. N. Standness, Asst. Cashier.

Fairview—Bank of Fairview; C. E. Mills, Cashier, resigned.

Gregory—Bank of Gregory; H. F. Slaughter, Pres.; A. C. Slaughter, Vice-Pres.; D. F. Felton, Cashier.—Gregory State Bank; capital increased to $25,000.

Volin—Volin State Bank; O. A. Anderson, Cashier, resigned.

TENNESSEE.

Bumpus Mills—Farmers and Merchants' Banks; J. W. Robertson, reported Vice-Pres.

Chattanooga—Avenue Bank & Trust Co.; Roy Jackson, Vice-Pres.

Etowah—Bank of Etowah; W. C. Reynolds, Cashier.

Franklin—Bank of Franklin; W. H. Glass, Pres., in place of D. B. Cliffe, deceased.

Harriman—Southern Bank and Trust Co.; John L. Handly, Pres.

Jackson—Union Bank and Trust Co.; capital increased to $200,000.

Jellico—First National Bank; S. C. Baird, Pres., in place of A. B. Mahan.

Lexington—Bank of Lexington; C. C. Davis, Cashier, in place of E. J. Timberlake, resigned.

Memphis—Planters' Bank and Trust Co.; J. W. Keyes, Vice-Pres., resigned.

Nashville—Broadway Bank and Trust Co.; reports capital increased to $100,000.

TEXAS.

Alba—Alba National Bank; F. N. Hopkins, Pres., in place of C. H. Morris; A. Morris, Vice-Pres., in place of F. N. Hopkins; D. S. Armstrong, Cashier, in place of W. H. Holley.

Aspermont—First National Bank; W. R. King, Cashier, in place of E. W. Kidwell.

Dallas—First State Bank; W. D. Hume, Cashier.

Houston—American Bank and Trust Co.; F. G. Belk, Asst. Cashier, resigned.

North Fort Worth—Exchange National Bank; G. L. Cash, Cashier, in place of D. W. Dupree.

Pflugerville—Farmers' State Bank; J. W. Hoopes, Vice-Pres.

San Antonio—American Bank and Trust Co.; H. Landa, Pres., N. S. Graham, First Vice-Pres., and Cashier.

Whitewright—Planters' National Bank; Guy Hamilton, Cashier, in place of J. W. Ashley; J. J. Gallagher, Asst. Cashier, in place of G. Hamilton.

UTAH.

Salt Lake City—Utah National Bank; W. S. McCormick, Pres., in place of A. H. Lund.—Zion Savings Bank and Trust Co.; L. M. Cannon, Asst. Cashier, resigned.

VERMONT.

Morrisville—Union Savings Bank and Trust Co.; C. H. Stearns, Pres.; H. A. Slayton, Vice-Pres.

Springfield—First National Bank; W. H. H. Slack, Vice-Pres.

VIRGINIA.

Richmond—Bank of Richmond; capital increased to $1,000,000.

WASHINGTON.

Alma—Okanogan Valley Bank; H. J. Kerr, Vice-Pres. and Cashier. Name of town changed to Poque.

Cashmere—Farmers and Merchants' Bank, reorganized; J. C. Lilly, Pres.

Downs—Bassett & Davis, Private Bank; has become a branch of Odessa State Bank.

Kahlotus—Bank of Kahlotus; incorporated; capital, $25,000.

Odessa—German-American Bank; E. E. Glenn, Asst. Cashier.

Seattle—University State Bank; H. B. Lear, Asst. Cashier.

Spokane—Exchange National Bank of Spokane Falls, title changed to Exchange National Bank of Spokane.—Exchange National Bank; capital increased to $750,000, surplus, $500,000.

Stanwood—Bank of Stanwood; S. A. Thompson, Pres.

WEST VIRGINIA.

Blacksville—Dunkard Valley Bank; T. J. Collins, Cashier, resigned; L. C. Snyder, Acting Cashier.

Charleston—Charleston National Bank; Edw. W. Brightman, Asst. Cashier.

Lewisburg—Bank of Lewisburg; Mason Mathews, Pres., in place of A. F. Mathews, deceased; W. E. Nelson, Vice-Pres.

Wheeling—City Bank and National Bank; reported consolidated.

WISCONSIN.

Janesville—Rock County National Bank; A. P. Burnham, Vice-Pres.; F. H. Jackman, Cashier, in place of A. P. Burnham.

Kenosha—First National Bank; C. C. Brown, Vice-Pres.; Wm. H. Purnell, Cashier in place of C. C. Brown; M. G. Boerner, Asst. Cashier.—Northwestern Loan and Trust Co.; W. C. Crosby, Secy., in place of W. H. Purnell.—Merchants and Manufacturers' Bank; capital increased to $250,000.

Milwaukee—Milwaukee Trust Co.; D. C. Green and Chas. Allis, reported Vice-Pres.—Milwaukee Trust Co.; capital increased to $250,000.

New Holstein—State Bank; J. G. Griem, Pres.; Geo. H. Schroeder, Vice-Pres.

Oshkosh—New German American Bank; C. W. Davis, Pres., reported resigned.

Sparta—Monroe County Bank; W. E. Crosby, Asst. Cashier.

Waupaca—National Bank of Waupaca; title changed to Old National Bank.

WYOMING.

Meeteetse—Wilson, Hayes and Co.; W. Dean Hayes, Cashier, deceased.

MEXICO.

Mexico City—International Banking Corporation; John Clausen, Asst. Mgr.

CANADA.

ONTARIO.

Dutton—Molsons Bank; F. E. Price, reported Mngr.

Lindsay—Bank of Montreal; H. J. Lytle, Mngr. in place of A. Montizambert.

Petreborough—Bank of Montreal; A. Montizambert, Mngr.

Strattford—Bank of Montreal; E. P. Winslow, Mngr., resigned.

Tillbury—Merchants' Bank; A. V. Spencer, Mngr., deceased.

Toronto—Bank of Commerce; Geo. A. Cox, Pres., resigned.

QUEBEC.

Quebec—Union Bank of Canada; Andrew Thompson, Pres., deceased.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ALABAMA.

Tuscaloosa—Merchants' National Bank; in voluntary liquidation January 19.

ILLINOIS.

Cairo—City National Bank; in voluntary liquidation January 2.

Morton Park—Lincoln Bank; reported closed.

INDIANA.

Cicero—Cicero Bank.
Huntingburg—People's State Bank.

IOWA.

Brighton—National Bank; in voluntary liquidation, December 31.

MONTANA.

Bozeman—Bozeman National Bank; in voluntary liquidation, January 1, 1907.

NORTH DAKOTA.

Knox—First National Bank; in voluntary liquidation, December 31, 1906.

PENNSYLVANIA.

Turtle Creek—National Bank; in voluntary liquidation, January 2.

SOUTH CAROLINA.

Whitmire—First National Bank; in voluntary liquidation, January 1.

TEXAS.

Winnsboro—Farmers' National Bank; in voluntary liquidation, December 31, 1906.

MANITOBA.

Darlingford—Bank of Hamilton; reported closed.

ONTARIO.

Alfred—Union Bank of Canada.

THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIRST YEAR — MARCH, 1907 — VOLUME LXXIV, No. 3

AMERICAN BANKS IN OTHER COUNTRIES.

WHENEVER a proposal is made to establish an American bank in a foreign country, the suggestion is always met with the statement that there are already sufficient banking facilities existing in most of the countries with which we trade to meet the needs of American exporters and importers. The English, Germans, French and Dutch seem to consider, regardless of whether existing banking facilities in other countries are sufficient or not, that their interests will be served by having banks under their own control. They have followed out this view by establishing banks all over the world.

In one of the recent consular reports we find the following reference to English banking interests in certain parts of the Orient:

"The English dominate the banking business, and this is a great help to them in furthering their commercial interests. They also have a regular system with their banks, by which the clerks and higher officers spend three years abroad and then three years at home. This is a very important factor of their business, for not only does it keep their head clerks at home well informed and in close touch with the actual financial conditions prevailing on the other side of the world as to exchange, credits, prospects, etc., but it is of great value to the English exporter. An English merchant or manufacturer desiring to introduce a new line in the Orient or to extend an old one, can go to his Liverpool or London bankers and find out almost as much as to his prospects and the possibilities of the business as he could do by an actual trip to the East."

These foreign banks do not appear to confine themselves strictly to the lines followed by most banks in this country. They are more or less engaged in the development of enterprise, and act as agents for interests in their respective countries. It is not to be expected that German or English banks would take any particular pleasure in promoting American trade to the disadvantage of their own countries. Of course, in such operations as yielded a profit without respect to national considerations, their views would be impartial, but if any questions should arise involving advisory functions on the part of the banks, they would no doubt work for their own country in preference to any other. As is well known, many of these banks located in foreign countries are not only banks but trading companies in addition, and they are one of the most energetic agencies in expanding trade.

Our American banking system is not well adapted to the establishment of branches or agencies in foreign countries. Indeed, the National Banking Act, as well as the laws of most of the states, prohibit the establishment of branches either in this country or elsewhere. This prohibition handicaps the large banking institutions here that would doubtless be glad to extend their operations to other countries if they were permitted to do so. They have been compelled to remain idle and to see the banking business in a country so near as Cuba largely pass into the hands of banks in Canada and other countries. Of course, there is nothing to prevent American bankers from establishing private banks abroad, but these would lack the prestige that would attach to some of our large and well-known institutions.

In view of the awakening of American interest in foreign commerce and enterprise, especially in the direction of the Latin-American countries, it would seem that the time has come when our banking system might be made more elastic so as to permit its extension to other countries where our trade interests are destined soon to witness an enormous expansion.

TRUST companies in New York city are running a neck-and-neck race with the clearing-house banks in the volume of general deposits. This fact was very strikingly shown in an article by Mr. HERBERT P. WENIG, auditor of the Windsor Trust Company of New York city, published in the February issue of the MAGAZINE. In November, 1906, the general deposits of the clearing-house banks were $873,116,500, while those of the trust companies were $870,497,400. Mr. WENIG points out that there are about $150,000,000 in certified checks included in the deposits of the national and state banks and less than $10,000,000 in the deposits of the trust companies. Of course, on the gross deposits the advantage is with the state and national banks, the latter being the custodians of a large part of the banking reserve of the whole country.

The table presented in connection with Mr. WENIG's article is especially interesting. It shows the deposits of the New York and Brooklyn trust companies on several dates from December, 1902, to December, 1906, together with the relative standing and relative increase in deposits of the various companies on the several dates. In the whole period the aggregate gain in the deposits of these companies was $203,157,500.

Studying these figures, one can hardly escape the conclusion that the trust companies are, so far as individual deposits are concerned, destined in a short time to overtake the clearing-house banks, though they will not surpass their totals for a long time to come, if at all. There are perhaps several reasons why the trust companies are gaining individual deposits faster than the other banks. One of these reasons may be found in the fact that trust companies generally pay interest on such deposits while commercial banks, as a rule, do not. But, on the other hand, the national and state banks swell their item "due banks and trust companies" by the payment of interest on deposits received from this source.

The compilation of statistics made by Mr. Wenig has afforded a basis for comparing the position of the banks with that of the trust companies and also for studying the fluctuations in the business of the various companies.

SAVINGS banks, at least those conducted on the mutual plan, have been singularly exempt from losses by defalcation. This may be due to the fact that the system under which they are conducted renders it more difficult to embezzle their funds, or it may be that the gentlemen who might otherwise have yielded to the temptation of helping themselves to the securities or cash of these institutions have refrained out of consideration for the depositors, who are usually persons of very modest means. The highwaymen of an earlier day greatly endeared themselves to the travelling public by the display of nice considerations of this kind. Not only were they, when unopposed, exceedingly urbane in the pursuit of their profession, but often they showed a rare delicacy of feeling in refusing to take the money or trinkets of the poor. But. alas! We are fallen upon evil days. The grace and delicacy and lightness of touch, coupled with such unfailing good humor, that characterized the highwaymen of the palmy days are gone. The old-time road agent had a manly frankness, too, that was admirable in its way. He went about his business in a direct manner that left no doubts as to his intentions. So business-like was he that at times he was forced to be somewhat brusque. If a pistol aimed at your head did not cause you to yield your cash or valuables with sufficient celerity, he was compelled, at the risk of being thought discourteous, to tell you to be quick about it.

With the disappearance of the stage-coach, this picturesque and interesting figure no longer enhances the delights of travel. The fine art of robbery itself seems to have fallen into disrepute in these degenerate days. Men no longer follow it openly as something to be proud of, and the refinement of mind and character that appertained to the romantic highwayman has given way to a total disregard of all the niceties of the profession. The highwayman may have found it necessary, at times, to take advantage of the concealment offered by a friendly hedge or a dark night, but eventually he emerged into the open and revealed himself in his true character of a robber.

The great thieves of the twentieth centuries are sneaks. They worm themselves into positions of trust and respectability, gaining the confidence of their employers and their victims only to betray it. They are deterred by no fine scruples about the poverty of those whom they would despoil. The widow and orphan with their pittance in the savings bank are at their mercy equally with the millionaire. The modern methods of robbery may be more reprehensible than those formerly employed, but they are less risky and vastly more profitable. Occasionally the highwayman found his victims sleepy or grumpy and disposed to resent somewhat rudely sudden invitations to disgorge. The modern thief is subject to no such dangers. He coolly helps himself to whatever sums he may need, at convenient seasons, disturbing no one in the operation and apparently incurring no risk to himself. His transactions, if not surreptitious, are at least unobtrusive. In exceptional cases, after his stealings have gone on for some twenty or thirty years and he has appropriated half a million or more, he may be discovered. This is inconvenient and suddenly imposes upon him the necessity of journeying to more congenial climes. But he really does not object to exchanging the rigors of a northern winter for the sunny skies of southern lands. Not infrequently, it seems, he goes on stealing, without discovery, until his death, when it is too late for punishment to overtake him in this world. Yet, despite his apparent success and prosperity, he is a wholly mean and despicable figure; about his misdeeds no halo of romance can be thrown, even by the most imaginative writer. He is a sneak thief, and worse—robbing those whom he pretends to serve. He is a pest for whose extermination unrelenting war should be waged.

UNIFORM laws relating to commercial paper, as well as to various features of the banking business, are to be commended. They save time, trouble and expense, and avoid much confusion and loss. Generally, too, the enactment of uniform laws by a number of states, on any subject, assures better laws than where these matters are regulated according to the views of each state acting by itself. Uniform laws are usually threshed over pretty thoroughly before they get before the Legislatures at all, because if amendments are introduced and carried, the uniformity is destroyed.

The standing law committee of the American Bankers' Association has approved and recommended for enactment drafts of proposed laws relating to forged checks, notes payable at bank, competency of bank notaries, uniform law of stock transfers, and payment of joint deposits. These are matters about which considerable differences have arisen, growing out of the diversity of laws, and it is highly desirable that these differences should be reconciled.

We publish the draft of these proposed laws elsewhere. Doubtless the committee would be glad to receive suggestions or criticisms. Wm. J. Field, secretary and treasurer of the Commercial Trust Company, Jersey City, N. J., is chairman of the committee.

FOR some years the Treasurer of the United States has been trying to persuade Congress to grant him authority to retire the silver certificates of large denominations, so that he might substitute for them bills of the denomination of one dollar and two dollars, an increase of these denominations being loudly called for by retail merchants. He has also been asking for authority to issue $5 and $10 gold certificates, the law now permitting no gold certificates smaller than $20.

It is difficult to see why the regulation of the denominations of the paper currency might not be left entirely in the Treasurer's hands without requiring fresh legislation every time it is desirable to make a change. Congress is proverbially slow in enacting financial legislation, even of the simplest character. The Treasurer is in a position to know just what kinds of bills are wanted, and there would seem to be no valid reason why he should not furnish just what the people need.

Very many authorities on money and banking have declared it to be unwise to issue paper currency below $10, or $5 at the most. Their idea seems to be that it is better for the underlying circulation of a country to be composed of coin. As is well-known, the Bank of England issues no notes below £5, or about $25 of our money, and as there is no Government paper or coin certificates in England, the hand-to-hand circulation is composed chiefly of gold, with silver for small change.

There is some loss, by abrasion, in using gold instead of paper, but this lessening of the value of the coins, while not being great enough to prevent their circulation, renders them undesirable for export purposes. It is difficult to see, in the case of silver, just what advantage would be gained by circulating the coin instead of the certificates, except, perhaps, on the score of cleanliness. Besides, the dollars, as well as the subsidiary coins, are objectionable on account of their bulk and weight, especially in these prosperous times when everybody carries so much money about.

Treasurer TREAT occupies the position of cashier of the great Government bank, and it would seem that his popularity might be increased if Congress would grant him the discretion of supplying his customers with the kind of bills they want, just as cashiers of other banks do.

EVER since the suggestion was made in the September, 1905, BANKERS' MAGAZINE, that the insurance of bank deposits might be undertaken by existing surety companies, the idea has been receiving considerable attention from the managers of these companies. Several new corporations have also either been projected or organized with this end in view.

Since Congress does not appear disposed to enact any law providing for the insurance of deposits in national banks it appears, if anything in this line is done, it will have to be either by the existing corporations or by some one specially organized for that purpose, or by mutual cooperation among the banks.

In any plan of this character the first essential is, of course, that the company proposing to insure deposits shall itself require no guaranty to establish its strength in the public mind. This assurance of strength will depend, first, upon the size of the capital, and, second, upon the character of the management. Without attempting to disparage any efforts that have been made by existing or proposed corporations intending to undertake this line of business, it may be said that there is no organization yet in the field that would command universal confidence. Some of the companies have the kind of management that would inspire confidence, but they lack sufficient capital to assure the carrying on of an enterprise of such magnitude.

It would seem, in an undertaking as vast as this, that the bankers themselves should get together and form some sort of a mutual guaranty association, either by subscribing a very large amount of capital, or by contributing a specified tax that would create a fund large enough to meet any demands that might possibly be made upon it through the failures of the insured banks. No doubt many objections to a plan of this character would arise, inasmuch as the stronger banks are not much disposed to tax themselves in order to support their weaker brethren. The banks located in some cities or states where there is great pride in the character of the banking institutions, would also probably object to going into any association of this kind. There are, however, enough banks in the country that realize the dangers and losses consequent upon failures of banks to assure the success of an organization of the kind suggested.

It is doubtful if anything short of a union of practically all the banks of the country to insure deposits will command the degree of confidence necessary to make this insurance anything more than nominal.

The objection to the enactment of any laws providing for the insurance of bank deposits is to be found in the fact that such insurance would be compulsory. This objection has much weight, for there are certainly banks of such well-known strength that they would have nothing to gain by submitting to the tax necessary to make an insurance scheme effective. They have already provided insurance for their depositors by laying aside a sufficient surplus and by maintaining at all times a strict supervision over the bank's affairs. This, of course, is the best kind of insurance that any bank can have, but unfortunately, as experience has shown, it is not universally attainable.

It is evident that the idea of insuring bank deposits in some way is taking a firm hold upon the minds of the public. It will tend to discredit this idea if the work of insuring deposits shall be taken up by companies not thoroughly equipped as regards both capital and management for an enterprise of this magnitude. Should it be found that the insurance provided by any of the corporations specially organized for that purpose was not to be relied on, it would create a bad impression which it would be hard to dissipate later on.

The most feasible plan for insuring bank deposits would seem to be for the bankers of certain districts, or perhaps within state lines, to form mutual associations designed to protect their depositors. This would make it possible for the association to have the insured banks under its own supervision, and it would also be more equitable than any other plan that has been suggested, since the infliction of the penalty for failing to observe sound banking principles would be visited upon those most immediately concerned in the offense.

WE have received a copy of "Derrick's British Report," a publication which has just been started in London with the object of bringing before American merchants the opportunities for extending our trade with Great Britain. The editor of this publication asserts, with some show of reason, that the great majority of Americans who visit Great Britain and the European Continent go there intent upon pleasure rather than business. With the usual disinclination of most men to mix up business with pleasure, they seem to pay but little attention to the opportunities offered by the countries visited for a profitable extension of our trade.

No fault need be found with the Americans who visit Great Britain or other countries intent only upon recreation, but the question arises whether it would not be to our advantage to send abroad a body of men every year whose sole object shall be to gain a better knowledge of the trade possibilities of the respective countries visited. Something of this kind is no doubt done at the present time in a desultory sort of way by the merchants and manufacturers acting individually, but if there were concerted action in this direction, either on the part of the Government or the various chambers of commerce, a vast sum of information might be collected that could be made highly serviceable to our manufacturing and commercial interests.

The American has heretofore given much less attention to the proper study of the foreign business field than the Germans, the French and the English. If our foreign trade is to maintain its proportionate importance in the face of increased competition, we will find it necessary, before long to neglect no means of broadening our knowledge of the requirements of foreign markets. This, of course, applies not only to European countries, but particularly to those nearer home. Even our tourists have neglected to visit the Latin-American countries, although they offer in point of scenic beauties and unique features in their social life attractions quite as strong as any to be found on the European Continent.

Preliminary to investigations of the character intimated, we should have a body of young men whose training especially fits them for work of this kind. The equipment furnished by the higher commercial schools of Germany seems especially designed to meet such requirements, but our own educational system appears to be deficient in supplying anything corresponding to these German schools.

In entering upon investigations of the nature suggested, we should bear in mind that we want to find out something about the customs, habits and needs of our Latin-American neighbors—not to teach them our ways, or to insist that they shall adopt our customs, or even buy our goods unless they suit them as well, or better, than the products of other countries. There has been, perhaps, a little too much of a disposition on the part of American merchants and manufacturers to play the role of schoolmaster in international trade. If we are to have the share of foreign trade rightfully belonging to us, we can not too soon place ourselves in the position of students eager to learn as much as possible about what the markets of the world demand; and having found what the demand is, do our utmost to supply it.

THE Aldrich currency bill, so-called, represents the financial legislation of the session of Congress which expired on March 4. While some of the provisions of this new law are unobjectionable, and even beneficial, the whole act is farcical as a piece of legislation. There is not a thing provided for in the law which ought not to be done by the Treasury officials purely as a matter of discretion, or the plain exercise of common sense. There is no earthly reason why Congress should be asked for permission to issue currency of denominations small enough to meet the demands of trade. This is something that should be determined solely upon considerations of the public convenience, and is merely a matter of administrative detail.

The increase in the amount of bank circulation that may be retired monthly is good enough so far as it goes, but the restriction on the retirement of circulation ought to be removed altogether.

The provision in the new law allowing the Secretary of the Treasury to deposit customs receipts as well as receipts from internal revenue in the public depositories is obviously sensible, the reason for the discrimination having long since passed away. It is said that in practice the Treasury Department had already ceased to make any distinction between the two kinds of receipts when making deposits in the depository banks.

No change has been made in regard to the security for public deposits with the banks. Such deposits are to be secured "by the deposit of United States bonds, and otherwise." A Secretary of the Treasury who had a friendly inclination toward some of the great railway or industrial corporations could, under this elastic provision, accept the bonds of these corporations as security for public deposits with the banks. Of course, it is not asserted that it is the intention of the law to permit the Secretary of the Treasury to broaden the market for railway and industrial bonds at the public expense. Nevertheless, the acceptance of bonds of any class, for the purpose of securing public deposits, operates to enhance the price of the securities so used. Doubtless the railway corporations that are issuing bonds faster than they can be readily absorbed by the market would be much gratified to have the public Treasury opened to them.

By depriving United States bonds of their investment character, and limiting their sale almost exclusively to national banks desiring to use them as securities for public deposits, the Government is narrowing the market for its securities. To maintain a two per cent. bond at par, we must continue to augment the bank circulation, whether needed or not, and we must continue to find surplus revenues to deposit with the banks.

There is no reason for requiring the deposit of Government bonds, or of any kind of bonds, to secure public deposits with the banks. If the requirement for this special security were abrogated, the banks could well afford to pay a moderate rate of interest for the use of the deposits. The Secretary of the Treasury would experience no difficulty in finding banks where the public funds would be entirely safe, without any special security. Besides, the interest received on such deposits would many times reimburse the Treasury for any loss that could occur even were the deposits placed indiscriminately with all national banks.

We do not remember to have seen any more pitiful exhibition of ignorance than was displayed in the debate on this puerile measure in the United States Senate. To Senator Nelson W. Aldrich, who controls financial legislation, and to the powers that control him, if such there be, the profound gratitude of the people of the country is due for his magnanimity in allowing them to have all the small bills they want. For this relief, much thanks!

It is with no irreverence that we inquire, What has become of the Currency Commission of the American Bankers' Association, the special Currency Committee of the Chamber of Commerce, Mr. Fowler, and all the rest of us who, in one way or another, have worked for currency reform?

According to a compilation of the defalcations for the year 1906, it appears that the amount of defalcations occurring in banks and trust companies in 1906 was $12,835,215, as compared with $6,816,729 in 1905. In other words, the amount of money dishonestly taken by the employees or officers of banks and trust companies was last year almost double the amount so taken in 1905. It would be erroneous, however, to conclude from these figures that the officers and clerks of these institutions are only half as honest as they were a year ago. Something must be allowed for the increased amounts handled. Furthermore, it should be remembered that these amounts are largely made up of some notorious cases. For instance, failures, such as those of Hipple and Stensland and a few others of like magnitude would furnish a large part of the totals. And when we consider the many billions of dollars handled by the bankers in the course of a year, even $12,000,000 is a comparatively small sum.

To be worth much statistics of this character should show what proportion of the losses was due to embezzlement by officers or employees and what was lost through high financial operations. The number of defaulters in each year should also be given.

The bare statement that twice as much money was embezzled from banks and trust companies by their officers and clerks in 1906 as in 1905 is apt to lead many people to believe that there is a startling decline in the moral stamina of those engaged in carrying on the work of these institutions. But we should want more conclusive evidence before accepting this view. It is probable that as the standard of banking is constantly improving, the relative importance of bank defalcations tends to decrease. Whether the world is more honest now than formerly, or the reverse, is not the question. The checks placed upon those in positions of trust are growing more rigorous year by year. Improved methods of accounting and inspection alone are working a great reformation, and the dishonestly inclined bank officer and clerk find it harder than ever to cover up their tracks. It is doubtful if there is any deterioration in the character of those engaged in banking. The vast educational activity along banking lines must of itself have had a tremendous influence in enlarging the self-respect of those who are entrusted with the handling of the enormous sums in the banks.

While, as has been said, the relative amount of money taken by bank defaulters is not large, and while the great majority of clerks and officers are wholly trustworthy, there is still too much embezzled and there are more dishonest men who get on the inside of banks than there ought to be. The figures to which we have referred need not occasion alarm, but at the same time they show that the efforts on the part of bankers to make defalcations difficult should be kept up with unrelenting vigor.

THE educational work being done by the American Institute of Bank Clerks is full of promise, not only for the improvement of practical banking methods, but for a better understanding of the currency question. It has been said by one of the most prominent advocates of a credit currency, that nobody has ever thoroughly studied this question who has not become a convert to the credit currency idea. Whether this assertion is altogether warranted or not, there is no doubt that a thorough examination of the problem in all its bearings would greatly contribute to a better understanding of it on the part of the rank and file of the bankers of the country than has yet been evidenced. We are confident that when once the bankers of the country realize the vital importance of this subject and earnestly set about its examination, that it will no longer be possible for any proposal for a credit currency to be nullified by taxing such currency to death, or by the refusal of the dictator on the Finance Committee of the Senate to give his consent for the consideration of any scientific measure that may come up before Congress.

The bankers now in active business in this country, as a rule, know very little of any other bank currency, from practical experience, except that secured by United States bonds. With the natural tendency of bankers to hesitate in adopting the unknown and untried, they have not shown much readiness seriously to consider any substitution for the bank notes with which they are familiar. But the bank clerks, who are not so much under the spell of tradition, may be expected to take a broader view of this matter, and to study the problem in all its aspects. Indeed, they have already given very decisive evidence of such a disposition. The question of asset currency has been discussed by the New York Chapter of the American Institute of Bank Clerks in a manner that does great credit to the officers and members of the chapter. If such discussions shall be continued and, provided they are based upon careful investigation on both sides, much good must eventually result. It is indeed difficult to imagine, when anyone has thoroughly mastered the problem of an asset currency, how it can still be insisted that a tax is necessary to prevent inflation. The fact that most of the bankers at the present time are known to favor such a tax lends color to the view that very little study has been given to the matter by the majority of the bankers of the country.

IT is reported that the Legislature of Nebraska has rejected a bill permitting the incorporation of trust companies in that state. No doubt the antagonism to institutions of this character was fostered by the existing banks, which do not like to see their own business field invaded by an institution possessing greater powers than they themselves are endowed with, and which would be able to make larger profits. The banks, of course, cannot be blamed for taking this view of the matter, yet the real question at issue would seem to be whether capital could be most advantageously employed by a bank or a trust company. The attitude of the banks seems to afford a sufficient answer to this question, for if they did not believe that the trust companies had some advantage over them, they would no more oppose such institutions than they would the competition to which they are subjected whenever a new bank is started.

So long as the trust companies are endowed with powers not possessed by the banks, and are, on the other hand, in some states at least, relieved of responsibilities that the banks must assume, there will continue to be a clash of interests between the two classes of institutions. It cannot be disputed, however, that a trust company fills a most important place as a part of the financial machinery of the country, and it is hardly to be believed that any state will permanently deprive its people of the advantages which such institutions offer in the care of estates and in transacting business which has heretofore been done more or less imperfectly by individuals. Of course, it might be said that the banks would have grown much faster than they have, if the trust companies had not entered the field, but it may also be stated with equal truth that the trust companies have developed a very large business along lines that the banks could not reach, and that in many cases the banks themselves have shared in the benefits derived from the increased deposits brought about by the trust companies, the latter finding it convenient in many instances to use the banks as a sort of reserve agent.

Perhaps, as fresh restrictions are imposed upon the trust companies, and they are required, when doing a banking business, to submit to substantially the same requirements as the banks, the cause of the jealousy that has heretofore existed between the two classes of institutions will be removed. Time will doubtless show that the banks and trust companies have no irreconcilable differences, and that both may find abundant business without engendering rivalry or encroaching upon each other's field of operations. This indeed has already been the experience of some communities where both the banks and trust companies have reached their highest development.

FOLLOWING the example of his predecessor, Hon. LESLIE M. SHAW has resigned as Secretary of the Treasury to accept the presidency of a trust company in New York city.

The office of Secretary of the Treasury is one where the emoluments are not commensurate with the abilities required or the services demanded. Notwithstanding this disadvantage, however, the honors of the place have been sought by many eminent Americans. HAMILTON, GALLATIN, DIX, CHASE, McCULLOCH, SHERMAN and GAGE, by their financial and other services to the Government, must always occupy an eminent place among the country's statesmen. Mr. SHAW also has undoubtedly displayed ability in the conduct of the affairs of the department equal to that shown by his predecessors. We have not found ourselves able to agree with many of the details of his policy, but have not been slow in realizing that, working under the system devised by ignorance and prejudice to supplant the second bank of the United States, Mr. SHAW has displayed great skill in the execution of the various measures he has devised for relieving the money market and making sales of bonds at prices favorable to the Government. There is no doubt, if he had had the advantage of laws framed to meet the requirements of the present century, he would have made a record as Secretary of the Treasury that would have entitled him to an exalted rank among those who have filled this position. That he did so well with the imperfect instruments at his command, is all the more evidence of his executive ability.

Notwithstanding the vast wealth of the United States the salaries paid our public officials are not sufficient to prevent them from yielding them up for the higher remuneration offered by business concerns. After a short while the honors of public station no longer afford a sufficient compensation for the large expenses which are inseparably attached to positions of this kind. At a time when the cost of living is perhaps higher than ever before, no one can justly criticize a Government official for resigning even a Cabinet position to enter the service of a business establishment at a salary many times greater than he received while in the Government service. The fact that Secretary SHAW has been offered the presidency of a large trust company in New York city is, of course, a special recognition of his eminent financial ability. In accepting this position he does not relinquish any of the honors that have justly been bestowed on him in recognition of his administration of the affairs of the Treasury Department.

It is well-known that Mr. SHAW has been mentioned as a candidate of his party for the Presidential nomination next year. How his identification with a trust company at the financial center may affect his chances for this nomination, is an interesting question. Heretofore it has been thought desirable that presidential candidates should come from districts more or less rural in their character. But, admitting the desirability of such qualifications, Mr. SHAW's removal to New York by no means places him out of the running. Although temporarily doing business close to Wall Street, he continues to be a resident of Denison, Iowa.

It is indeed difficult to discover any valid reason why a man who becomes president of a trust company should thereby in any way impair his chances of political preferment. We can hardly imagine any situation more honorable than that of president of a well conducted trust company. These institutions are primarily designed to handle judiciously estates in a trust capacity, and the executive of such an institution is called on not only to exercise a rare degree of discrimination in regard to investments, but to enforce an absolute standard of fidelity in the handling of the funds committed to the care of the institution. This is a position that might well enlist the ability and conscientious services of the most distinguished man in the country, and no man can really have a higher honor than that which attaches to the faithful discharge of the duties of such a position. The notion that identification with the banking business disqualifies one from attaining the highest political office, has no sound basis. On the contrary, to have administered the affairs of a great trust company successfully ought to be a recommendation for any man who aspires to the Presidency. There are few positions requiring a higher degree of probity and skill than that of the president of a great financial institution in New York at the present time. If Mr. SHAW shall continue to exhibit the same qualities in his new position that he did while Secretary of the Treasury, there is no reason why he should not be a formidable competitor for the Presidential nomination of his party in 1908. He has the conspicuous qualifications of the old-time campaigner, being very popular on the stump, and his personal qualities are such as to attract and retain a very large circle of friends.

Proximity to Wall Street, instead of really disqualifying an aspirant for the Presidency, should, in reality, the better equip him for that office, inasmuch as his experimental knowledge would prepare him successfully to resist the wily schemes of the gentlemen who are supposed to have their habitat in that famous locality.

NEW YORK State banks are to be given a sample of the treatment accorded to national banks by the Federal Government. It is proposed by the State Controller of New York and the State Treasurer to punish banks that refuse to buy state bonds, by excluding them as depositories of state funds. The United States goes even farther than this. It refuses to allow a bank to act as a depository of public moneys, to issue circulation, or even to exist, unless it first buys United States bonds.

Of course, if the deposit of public moneys with the banks is a favor, they ought to reciprocate. It seems strange, however, that so rich a state as New York and a nation with the revenue-producing possibilities of the United States should find it necessary to resort to such devices in order to make the public buy their securities.

NEW COUNTERFEIT $20 NATIONAL BANK NOTE.

ON the Marietta National Bank of Marietta, Ind. T. Check letter A; charter number 5958; bank number 169; Treasury number 1896258; J. W. Lyons, Register; Ellis H. Roberts, Treasurer.

This counterfeit is a very poor photographic production printed on two pieces of paper between which some silk fibres have been distributed. The Treasury number appears to have been made with a rubber stamp. Green coloring has been poorly applied to the panel containing the charter number on the back of the note. The note is so poor that a more detailed description of it is deemed unnecessary.

WALL STREET AND LOMBARD STREET.

BY W. R. LAWSON.

WHEN banks were introduced into the West Indies the negroes formed very exaggerated ideas of their financial power. They imagined that when a white man needed money he had only to go to the bank for it. A similar mistake to the negro's is often committed where there is less excuse for it. The financial resources of Lombard Street are overrated in nearly all the other money markets of the world. By many foreign bankers they are considered practically inexhaustible. Lombard Street itself may be partly responsible for this singular myth. In its early days it had a proverb which Mr. Bagehot put on record in his well-known book—"Money can always be got in Lombard Street at a price." But the truth of this proverb was never more than skin-deep and now it is questionable even at that.

True enough, money could always be got somehow in Lombard Street; not, however, because Lombard Street had it, but only because it could either borrow or manufacture it. When a serious emergency has to be encountered, like the Baring crisis in 1890, or the American panic of 1857, the Bank of England no longer trusts to paper but applies to the Bank of France for a few millions of solid gold. Such emergencies are happily rare, but they effectually dispose of Mr. Bagehot's legend that money can always be got in Lombard Street at a price. Even if the legend had been practically true in Mr. Bagehot's time, now nearly forty years ago, it might be quite out of date in 1907. In the interval both our commercial and financial methods have entirely changed. Lombard Street itself has been completely revolutionized. The character of its business is altogether different from what it was. Many of its old habits have died out and many new ones, in the course of financial development, have been imposed upon it.

There is no comparison between the volume of business done in Lombard Street to-day and that of forty years ago. It has increased still more in variety, in complexity, and in intensity of competition. But the most important change of all is the greatly diminished control of Lombard Street over its own operations. Formerly it was to a very large extent its own master. Its principal function was to finance the foreign trade of the United Kingdom. The bulk of its bills originated in that trade. They were drawn on London houses by their agents abroad. They arose out of British exports or imports or out of foreign loans made in London. Nine-tenths of them carried English names, well known from one end of Lombard Street to the other.

The discount houses then were not mere brokers, working either for a commission for a scalping turn. They were, as a rule, old and substantial firms with large capitals of their own and a good connection among depositors. Some of them had been in existence for nearly a century and they ranked in the city with private bankers. They were in fact bankers of a special class. They did not keep ordinary drawing accounts, but they took in deposits at call or for fixed periods. Often these were in large sums, which remained undisturbed for months or years. The depositor got a fair rate of interest on his money, even when it was earning little, and there was no risk of its being thrown on his hands when he would not know what to do with it. He and his discount broker were old friends who understood each other.

Under conditions like these Lombard Street had a great deal more stability than it possesses now. It had its business much better in hand and knew the limits both of its resources and its liabilities. A select body of professional experts always had their eye on the paper afloat. They could tell at first glance where a bill came from and what it represented. They could distinguish between those good enough to keep in their own portfolios and only good enough for the market. Black sheep got into the fold now and then and caused trouble, sometimes scandal, in spite of which the discount business pursued the even tenor of its way until the joint-stock banks invaded Lombard Street and upset all its respectable traditions. In due time they were followed by an invasion of foreign banks, which completed the chaos they began.

Changes That Have Taken Place.

The changes imposed on Lombard Street by the joint-stock and foreign banks may be summed up thus:

(1) A flood of new day-to-day money let loose in it; namely, the unused daily balances of the banks.

(2) The old deposit system broken up through competition of the banks with the discount houses.

(3) Most of the discount houses forced to change their methods of business or to retire altogether.

(4) A new class of discount brokers created, who are simply go-betweens for the banks and other large money-lenders. They bring together the people who have bills to sell or to discount or to borrow upon, and those who wish to buy bills or discount them or lend on them.

(5) A great variety of new types of bills brought in requiring a proportionate increase of care and skill in handling them.

(6) New forms of special borrowing in Lombard Street: for example, by getting foreign bills accepted on commission; by raising loans on blocks of foreign securities, chiefly American; by syndicating new issues, and so on.

(7) A vast development of foreign exchange operations by foreign banks purely for their own convenience and with little or no profit to Lombard Street. For such transactions Lombard Street is simply a clearing-house. It neither initiates them nor takes part in them, nor

benefits by them, except perhaps in having temporary use of foreign moneys employed in carrying them out.

(8) A largely increased liability imposed on Lombard Street to sudden calls for gold and for money in other forms.

(9) A chronic feeling of anxiety and uncertainty in the money market. Lombard Street is growing too big and too much divided up for anyone to see all round it. There are many clever men in it, but most of them see only their own corner. The Bank of England, not being in the foreign exchange business at all, its directors can only look on from a distance. In the circumstances it is a wonder that they see so well as they do.

Limitations of the Lending Power of Lombard Street.

If Lombard Street ever was the bottomless purse which it used to be considered, it is so no longer. Forty years ago its resources may have been on an average of years fairly equal to the current demands on them. Since then, current demands have largely outgrown its ordinary resources; and in addition a new crop of special demands has started up. Few financial schemes are now launched in any part of the world without some call, direct or indirect, being made on Lombard Street in connection with them. Every new loan, domestic or foreign, every new company floated, exposes the Bank of England to a possible call on its gold reserve, and when that happens the only remedy for the Bank is to put the screw on Lombard Street.

Every "money squeeze" that takes place in Wall Street causes a sympathetic twinge in London. London knows that the "squeeze" will be passed on here by some banking device or other: either by mailing a few more "finance bills" to Lombard Street, or by shipping securities to be carried here, or by manoeuvering the Bank of England out of a few millions sterling of its precarious gold reserve. Wall Street is sure to get relief somewhere, and in a day or two it may be again at its ease But Lombard Street does not get off so lightly. Its rates will have been twisted up at least a half per cent. in the effort to find money for Wall Street, and the advance may hold for weeks or months. It will not dare to let them down, lest the Bank of England should remind it that its patriotic duty is to hold them up for the protection of the precarious gold reserve. Meanwhile Reuter quotes call-money in New York abundant at two to three per cent., while Lombard Street is paying four to four and one-half per cent. on the finest paper in the world.

An Overdose of American Finance Bills.

For a considerable time past Lombard Street has been drifting into a false position, but is loath to recognize the fact. Its eyes are being opened, however, by these frequent doses of finance bills from New York, notoriously created for the relief of Wall Street. They have been the last straw on the camel's back. Other foreign demands, however inconvenient, could be borne, because as a rule there was time to prepare for them; they were within the pale of legitimate international banking, and they generally brought some kind of *quid pro quo*. France and Germany, if they made a conveniencc of Lombard Street, also helped to keep it in funds. By taking up bills or buying English securities or placing money on loan, they contributed to its working capital.

Wall Street, however, can claim none of these redeeming merits. It offers no *quid pro quo* of any kind for the discounting of its finance bills or the supply of emergency gold. It never appears in Lombard Street as a lender of money, but invariably as a borrower. Its recent operations there have never had the effect of cheapening money, but always of making it dearer. Not only so, but Wall Street's emergency borrowing checks indefinitely a return to lower rates. It is always uncertain when it may be resumed or how far it may go. The only safe course is to keep the market firm and to be always prepared for surprises. Which is pleasant enough for the banks and for money-lenders generally, but decidedly galling to all classes of London borrowers. Every time that Wall Street makes a raid on Lombard Street, city houses have to pay so much more for discounting their bills and the Stock Exchange so much more for its fortnightly advances. When this goes on for half a year at a time, need we wonder if even stolid Londoners get tired of it?

It is felt, too, that New York has no longer the excuse it once had for making the most of Lombard Street. When its working capital was unequal to its bona-fide commercial requirements, it had an admitted right to use all the assistance it could obtain abroad. But that can no longer be said in face of the New York bank returns which exhibit resources rapidly rising to the London level. The two latest returns of the New York associated banks and of the twelve chief clearing banks in London show almost identical amounts of discounts and loans; namely, 1040 million dollars for the former and 208 millions sterling for the latter. In contrast with this they exhibit a marked difference in the amounts of their deposits. The deposits and current balances of the London clearing banks aggregated nearly 380 millions sterling, against 1,026 million dollars, or 205 millions sterling, for the associated banks of New York.

Comparison of Deposits and Loans.

New York and London must be banked on very different principles, when the first can lend only 208 millions sterling out of 380 millions of deposits, while the second contrives to make 1,040 million dollars of loans out of 1,026 millions of deposits. The comparison is not exactly on all fours perhaps, as some New York banks are understood to include securities among their loans and advances. But after allowing for that, such a wide disparity remains as to argue diametrically opposite banking policies. It may be improvident in New York to loan up to the hilt, but does London not go to the opposite extreme in loaning only fifty-five per cent. of its deposits and current balances? The only apparent oı imaginable reason for its holding back such a large proportion of its loanable funds is that most of the other forty-five per cent. is required to keep Lombard Street going.

If we enlarge the comparison between London and New York so as to include the whole of the banks which publish periodical returns of their condition, it will be seen that the superior strength of London is still greatly overrated. In the subjoined table the condition of the New York banks at a recent date is compared with that of the clearing banks in London, excepting the Bank of England, whose deposits and securities are to a large extent a duplication of those of the clearing banks. The figures previously given apply, it will be observed, only to the twelve chief clearing banks in London.

New York Banks and London Clearing Banks Compared, 1906.

		New York.		London.	
Number of banks recorded		94		22	
Total capital			$116,472,700		£34,664,843
Reserves			140 800,500		22,022,427
Deposits			977,657,800		482,422,116
Acceptances			=		26,716,863
Average circulation			53,096,000		=
Total working resources			$1,288,020,500		£565,825,849
Cash on hand:					
Specie	$175,005,600				
Legal tenders	75.699,800		248,905,400		
Cash	£78,213,510				
Call money	71,687,853				149,901,363
Percentage of cash to total liabilities		19.0		14.0	
" " deposits		24.0		16.0	
Percentage of call money to liabilities		=		16 0	
" " deposits		=		15.0	
Total loans			1,001,025,000		307,977,860
Percentage of loans to total resources		78.0		54.5	
" " deposits		102.5		64.0	
Investments					97,734,056
Percentage of total resources		=	=	17.0	
" loans and investments		78.0	=	71.5	
			$1,249,730,000		£555,613,279

According to the returns tabulated above, New York has fully four times as many active banks as London—ninety-four against twenty-two. It commands, however, rather less than one-half of London's banking resources—1,288 million dollars against 2,829 millions. *Per contra,* it does almost as much loan or discount business with its 1288 million dollars as London does with its 2,829 millions. New York's loans—including presumably a certain amount of securities—are equal to seventy-eight per cent. of its total resources, while those of London are only 54½ per cent. The proportion of loans to deposits shows a much wider divergence still, being only sixty-four per cent. in London, against nearly 103 per cent. in New York. If in order to make the comparison as favorable as possible to London we treat all its investments as loans, the combined total will represent only eighty-four per cent. of the deposits. against 103 per cent., in New York and 71.5 per cent. of the whole resources, against seventy-eight per cent. in New York.

Banking Reserves in New York and London.

The moral is obvious that the New York banks work up much closer to the limit of their resources than the London banks could under present conditions venture to do. The first explanation to suggest itself will no doubt be that the London banks keep larger cash reserves. The protection of the "world's money market," as they call it, confessedly requires them to maintain a strong monetary position, though as a matter of fact they do not. By their own frank and frequent admissions it is not nearly so strong as it ought to be in times like the present. They may not, however, be prepared for the above disclosure, that their cash reserves are actually weaker than those of the New York banks. Their cash in hand and at the Bank of England is only fourteen per cent. of their total resources and sixteen per cent. of their deposits. The corresponding New York figures at the same date were nineteen per cent. of the total resources and twenty-four per cent. of deposits.* Several of the banks were apparently short of their legal minimum, namely twenty-five per cent. The average reserve may have been further lowered by the fact of some state banks being included in the test which are not subject to the National Bank Law.

Some London bankers regard their "cash at call and short notice" as a secondary reserve, but that point is open to discussion. The New York banks have also considerable amounts of call and short notice loans, but they are not distinguished from the other loans. The peculiar function of London's "cash at call and short notice" is the financing of Lombard Street. Its banking quality must be determined by the use made of it there. If it be a necessary and unavoidable use, then there is nothing further to say. If it be a remunerative use, that again should be a sufficient answer to any criticism it may encounter. But an affirmative reply is not likely to be given on either of these points, except by incurable believers in Lombard Street legends about "the world's monetary centre" and "the only free market for gold."

We must first dispose of the main issue in the comparison, namely, the relative proportions of loans and discounts to working resources and to deposits. These are in New York seventy-eight per cent. and 103 per cent., respectively. It sounds paradoxical to be lending more money to the public than has been received from them, but two simple explanations of the paradox are close at hand. Observe, first, the large amount

* Including circulation.

of undivided profits held by the New York banks—140 million dollars against 116 millions of paid-up capital. In the second place, investments are relatively small compared with London, and such as they are they are seldom separately specified. The relative proportions of loans and discounts in the accounts of the London banks are 54.5 per cent. of total resources. The combined loans and investments make an average of sixty-four per cent. of total resources and eighty-four per cent. of deposits.

On the figures here presented—all of them official—Wall Street would seem to have almost if not quite as good banking support as Lombard Street. If it chooses to keep within the limits of its own financial and economic resources it should seldom if ever require special help from Europe. The usual give and take of international trade is, of course, admissible all round, but the question here is whether any one money centre should make a practise of exploiting other money centres for speculative rather than for bona-fide commercial objects. If New York does it, why not Paris and Berlin? Why, indeed, should not London reciprocate the raid? Just at present it is powerless, as the New York bankers doubtless know well. But one day it may throw off the yoke of legends and traditions which have become not only indefensible in theory—that would matter very little in the city—but unworkable in practice—which matters a great deal.

It may well cause surprise, mingled with a little anxiety in Lombard Street, to find New York manifestly overhauling it in banking resources. Even in absolute amount there is no longer a wide difference between them. When we come to consider relative positions, the advantage, if not already on the side of New York, promises to be very soon. New York has practically none of the international risks and responsibilities that weigh so heavily on Lombard Street. It has no money market of the world to maintain. It has no free market for gold to keep open at all times and for all comers.

Gold Holdings of New York and London Banks.

Apropos of gold, the New York banks have not only much more specie in their own safes than there is in the London banks, but they have a second reserve of still larger proportions in the Treasury. This latter has at present about two hundred and thirty-eight million dollars of gold coin and bullion together with forty-six million dollars of gold certificates—all its own. The banks, of course, have no legal claim on this, but they know that it will be at their service when urgently needed. Secretary Shaw has lately shown that he is prepared to interpret their needs liberally. By making temporary loans of gold from the Sub-Treasury in New York to enable banks that were importing the metal from Europe to anticipate their shipments, he established a precedent startling in its simplicity and yet fraught with important consequences. Some critics have rather sneered at it as cheap benevolence on the part of the

Treasury, but it had a marked effect both on the banks and on Wall Street.

Mr. Shaw's latest move has a number of interesting aspects. It not only afforded present relief to the money market, but it carried an implied promise of similar relief in future emergencies of a similar kind. From the Treasury's own point of view it was a shrewd move, having greatly strengthened the position of the Treasury in its chronic conflict with the banks. They can no longer with a good grace flout it as a rival and an interloper after having thus accepted its help. They must in future modify their eagerness to oust the Treasury from the banking business. They cannot deny that it was fortunate for them at such a juncture to have a handsome auxiliary reserve in the Treasury to fall back upon. If the banks had had exclusive control of the circulation and the gold reserves, it is hardly likely that a nest egg of two hundred and eighty-five million gold dollars would have turned up quite as opportunely as it did on this occasion.

In estimating the actual and potential strength of the New York banks the free gold in the Treasury must count for a good deal. The fact that Lombard Street has no second reserve of a similar kind must count against it in any business-like comparison of the financial strength of the two banking systems. Such a comparison will bring to light a number of unknown or overlooked advantages of Wall Street, while it may disclose on the other side some overrated peculiarities and unsuspected weaknesses of Lombard Street. It is the old story again of young institutions being disparaged in comparison with ancient ones.

Wall Street Capable of Taking Care of Itself.

A month's careful study of the daily operations in both of these money markets would convince any candid and competent judge that Wall Street is quite as capable of taking care of itself as Lombard Street is. If so, it should, in its own interest, as well as for the sake of stability in international finance, give up the short-sighted policy of always trying to push its difficulties on to other money markets. Sensational rates for carrying over stocks in Wall Street should be regarded simply as danger-signals in the stock market itself. It is much easier, more natural, and in the end less expensive, for plungers to draw in at the first warning of danger than to rush ahead with the help of finance bills on London and Paris.

On both sides of the Atlantic operations of that sort tend to foster false notions. The idea entertained in New York, that Lombard Street can be drawn upon without stint, is as fallacious as the Lombard Street view of Wall Street finance—that it is the sport of professional gamblers. To some extent it may be so, but if there were not a solid backbone of some kind, the gambling would soon come to final grief. The fact that Wall Street can pull through these money squeezes without disaster and come up again smiling a day or two after, indicates that they do not strike so very deep into the financial system as a whole. They may be superficial spasms in an otherwise moderately healthy body. It is only a fraction of the credit business in Wall Street that is done with call money. The large operators invariably secure all the time money they may need before they launch into a grand campaign.

Over and against Wall Street spasms of forty or fifty per cent. call money, should be set a number of strong points in the financial position generally. These are: (1) The large capital and undivided profits of the principal New York banks; (2) the twenty-five per cent. cash reserves which the law requires most of them to maintain; (3) the immense number of interior banks—about seventeen thousand in all—which act as feeders to them; (4) the huge stock of specie in the country, estimated at over 1400 million dollars of gold and nearly 700 million dollars of silver; (5) the contingent reserve of the Treasury, averaging 300 million dollars; (5) the great volume of sound commercial banking always going on; (6) the large proportion of time money employed in speculative business.

Wall Street banking, as distinguished from New York banking generally, is no doubt a raw spot. That certain banks not only foster speculation on the part of their customers but speculate on their own account, is almost a matter of notoriety. There may be a good deal of unsuspected rottenness in that direction and some day it may come to light in the shape of fresh scandals. But such "tainted" banks are believed to be a very small minority of the ninety-four whose conditions have been summarized above. When they have undergone as drastic a purgation as the life insurance companies underwent last year, the bad points of the New York banking system will be subdued and the good points will come more into view. Even that chronic nightmare, the "inelastic currency," may not prove beyond remedy when currency authorities recognize that a large part of the paper circulation is not currency at all but simply credit paper for the use of the banks themselves. The portion of the three billion dollars in the hands of the people is absurdly small.

Conditions Existing in Lombard Street.

Let us now compare with that candid view of the New York banks the actual conditions prevailing in Lombard Street. Its paid-up capital and undivided profits are almost identical with those of the New York clearing banks—50 millions sterling, against 256 million dollars. It has 78 millions sterling of "cash on hand and at the Bank of England," which is considered as good as gold, but on January 10 last the Bank's whole stock of gold was little more than 30 millions (£30,000,000). Even if Lombard Street could have drawn out every sovereign from the Bank of England, it could not have converted much more than a third of its cash balance into gold. Its metallic position was actually weaker than that of the New York banks, with their 173 million dollars or 35 millions sterling in specie.

In the adjustment of loans to deposits Lombard Street finds its chief advantage over Wall Street, but it is by no means an immense advantage. To lend out every cent of one's deposits may be a policy likely to overreach itself. But it looks like going to the opposite extreme when a bank lends out little more than half of its deposits and keeps the other half in consols and call loans. If a London banker were asked why he kept such a large portion of his funds in the semi-idle condition of consols and call loans, the only rational answer he could give would be that it was for the convenience of Lombard Street. If he were asked further why such a heavy sacrifice should be made for the convenience of Lombard Street, he might stare in amazement at a person so ignorant as not to know that Lombard Street is "the monetary centre of the world;" "the only free market for gold," etc., etc. Venture to point out to him that 170 millions sterling (call money £71,687,000 and securities £97,734,000) is a pretty large sum to withdraw from commercial use and devote to financing the bills of all nations at two or three per cent., and the effect on him would probably be apoplexy.

That must be at best a very lean kind of business. Why any one country should covet a monopoly of it or even the lion's share, has long puzzled me. It is rather to be regarded as a necessary but unremunerative part of the machinery of international exchange to which every nation should contribute according to its means and its volume of international business. In any case, the United Kingdom would have to be a large contributor if only for the liquidation of its enormous imports of food and raw materials. These give to every country growing food and raw materials the power to draw on London almost incessantly. It were a heavy enough task for Lombard Street to meet all these necessary and unavoidable drafts without challenging all the world to draw on it to any extent and for any purpose the drawers may please.

Sixty years ago a school of banking theorists talked Lombard Street into this specious-looking but in fact very adventurous policy. How little they understood it and how little they realized what it might expand into, is proved by the very inadequate means they provided themselves with for carrying out their theory. After sixty years' hand-to-mouth trading Lombard Street now finds itself in this dilemma, that with the smallest gold reserve of any commercial state in the world it has to meet the largest international obligations of any state. The game is not worth the candle, even when it can be played smoothly and with little trouble. When, as at present, circumstances seem to be conspiring against it on all hands, it is hard to keep going anyhow.

The Governors of the Bank of England, the directors of the joint-stock banks and discount companies and the bill-brokers seem to be all at their wits' end over the waywardness of Lombard Street. Gold does not flow into "the only free market," as it ought to do, and cannot be kept in when it comes. In vain are money rates nailed up in order to turn the foreign exchanges in favor of London and thereby attract foreign gold. In vain the Bank of England picks up a small parcel of bullion now and then while all the big lots are snapped up under its very eyes for export. Foreign banks, and especially New York banks, when they need gold buy it by millions at a time. The Bank of England is glad to be able to secure an odd hundred thousand pounds on dull days when there is no other buyer about.

It is on this slender and shivering reed that the whole world is invited to lean in times of financial difficulty. Lombard Street, the least stable of all money markets and relatively to its vast obligations the poorest, allows itself to be regarded abroad as the last refuge of the distressed. There was never a greater irony in the history of international finance. This monetary bulwark of the nations, "the only free market for gold" is being driven to the pettiest expedients in order to protect the few millions of free gold in the Bank of England. Between December, 1905, and May, 1906, four different plans were tried by the Governors of the Bank to brace up Lombard Street. First, the unofficial rates for advances to bill-brokers were suddenly raised. Next, with the help of the joint-stock banks, all the floating money in the market was swept in. The third move was an attempt to form a "combine" between the Bank of England and the joint-stock banks for the regulation of rates. The latest is a semi-official intimation from the Bank of England to the discount houses that rates must not be let down below their present level—say, 3½ per cent.—or there will have to be more bracing up.

The Bank is still in the stringent season of the year with a reserve of about twenty millions nominal (exclusive of gold and silver held as till money). *But only two or three millions of that amount are really gold notes: the others being issued against securities.* The Issue Department of the Bank has 30 millions of gold and 18½ millions of securities against 49 millions of notes issued. The public hold 28 millions of the notes and the Bank itself—in its banking department—has the remaining 20 millions. If the public were to present all these notes for payment, the Bank would be left with only two millions of sovereigns and 18½ millions of securities as cover for its own notes.

For nearly twenty years the Bank of England and the joint-stock banks have been playing shuttlecock with the serious responsibility which they must all share for the critical condition of their central reserve. Lord Goschen, when Chancellor of the Exchequer, at the time of the Baring crisis, proposed to create a second gold reserve by means of an issue of one-pound notes. (The present Bank of England minimum is five pounds. But "when the devil was sick," etc. After another fifteen years of futile sparring between Threadneedle Street and Lombard Street, the present Chancellor of the Exchequer (Mr. Asquith) has again thrown out a hint of Government action. Speaking at the annual dinner of the bankers he "expressed the general confidence of the financial community in the ability and determination of the Bank of England to protect our gold reserves." He did not, however, venture to throw out the shadow of a hint as to how it was to be done.

The Bank of England practically admits the poor success of its recent efforts to protect its gold reserve. "Determined" as they have been, they have taken a long time to produce a very small degree of protection. They have done still less to increase the gold reserve, which is even more necessary than protecting it. They have done nothing at all toward solving the main difficulty, namely, how under present conditions the Bank could defend a large reserve if it had one. The most practical part of Mr. Asquith's speech to the bankers was the assurance with which he closed, that "the question was then engaging his most serious attention." He and his banking friends in the city are playing a game of patience which threatens to last as long as a Chinese drama.

Meanwhile Wall Street should be warned as to the real character of the money market which it looks to chiefly for relief from its periodical squeezes.

London.

THE VALUE OF KEEPING STRONG.

At the risk of being charged with being old-fashioned, The Bankers' Magazine ventures to reprint the following from an article by H. M. P. Eckardt, in the January number of the "Journal of the Canadian Bankers' Association":

"Every once in a while sharp illustrations are offered of the profit sometimes gained by being always strong. Now, for instance, Paris being the only centre possessing a surplus of funds can practically dictate the terms on which it will lend. And besides, all the time, it has enjoyed that prestige that always is accorded to immense strength.

"There is a lesson in this for individual banks as well as for the various money centres. The bank that always maintains its cash reserves at a high ratio, though it may be obliged to forego some profit in ordinary times, can often recoup itself when the money situation becomes strained. And in all times its strength brings to it prestige and confidence."

It was once said by Hon. Hugh McCulloch, the first Comptroller of the Currency and twice Secretary of the Treasury:

"Banks should be kept strong in their cash reserves, as times frequently occur when the strongest stand in need of them. Nothing in the long run pays better than a goodly amount of idle money."

EXPRESS COMPANIES AND BANKS.

It is reported that the controversy on certain points that has so long existed between the banks and express companies is to be determined by a test case, brought before the Interstate Commerce Commission by the American Bankers' Association.

BANK DIRECTORS, THEIR POWERS, DUTIES AND LIABILITIES.

BY JOHN J. CRAWFORD,

AUTHOR OF THE UNIFORM NEGOTIABLE INSTRUMENTS ACT.

THE growing disposition to hold directors of corporations to a strict accountability makes it more necessary than ever that those who accept positions as directors of banks should have a very clear knowledge of their duties, or, with only the most honest intentions, they may be made the subject of adverse criticism, and may sustain heavy pecuniary loss. Indeed, it will be found that in most cases where directors have been required to make good the losses sustained by the bank, they have not themselves been guilty of any actual wrong, but have incurred a liability merely through inattention or ignorance. Business men, therefore, who undertake to act as bank directors, should be careful to inform themselves as to the extent of the duties and responsibilities which the law imposes upon them.

Management of Banks.

The affairs of all incorporated banks are managed by a board of directors; or, as they are sometimes called, trustees. The provision of the National Bank Act is: "The affairs of each association shall be managed by not less than five directors (Rev. Stat. U. S. sec. 5145); and similar provisions are found in the banking laws of the different states. Usually the articles of association provide for an annual meeting of the stockholders to be held for the election of directors. The method of giving notice of this meeting is generally prescribed in the articles of association or by-laws. Unless the statute provides otherwise, a majority in interest of the stockholders present at each meeting choose the directors for the ensuing term, even though these stockholders may represent less than a majority of all the stock outstanding.

Time of Election—Term of Office.

The National Bank Act fixes the month of January as that in which the meeting for the election of directors is to be held. (Rev. Stat. U. S. sec 5145), and the New York Banking Law contains a similar provision (sec. 50). Many other states have fixed the same time, so that now the election of bank directors in January is quite general throughout the country. The term of office is usually one year; but where no election is held at the appointed time, the directors chosen at the previous meeting continue in office until their successors are elected. (Rev. Stat. U. S. 5145.)

Qualifications of Directors.

All the banking statutes require that the directors shall be stockholders. In the case of the national banks each director must own, in his own right, at least ten shares, unless the capital of the bank does not exceed $25,000, when five shares are sufficient. (Rev. Stat. U. S. 5146; as amended Feb. 28, 1905.) Under the New York statute, if the bank has a capital of $50,000 or over, every director must own, in his own right, an amount equal to at least $1,000, and if the capital is less than $50,000, not less than $500. (Banking Law, sec. 50.) As the requirement is that the director shall hold the requisite amount of stock in *his own right,* no one who holds stock in a merely representative capacity, as an executor, trustee, receiver, etc., is eligible to such office. Where a director ceases to be the owner of the prescribed amount of stock, he ceases to be a director and thereby vacates his place. Both the National Bank Act and the New York statute (from which the Federal statute was largely taken) require that each director must be a citizen of the United States and at least three-fourths of the directors must be residents of the state. (Rev. Stat. U. S. sec. 5146.)

Oath of Directors.

The National Bank Act (following the New York statute) requires that each director when elected shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of the bank, and will not knowingly violate, or willingly permit to be violated, any of the provisions of the National Bank Act, and that he is the owner in good faith of the required amount of stock, and that the same is not hypothecated, or in any way pledged, as security for any loan or debt. (Rev. Stat. U. S. 5147.) But by a singular omission Congress has neglected to prescribe any officer before whom such an oath may be taken; and hence such oath has no legal effect, and no prosecution for perjury can be based thereon. (United States vs. Curtis, 107 U. S. 671.) The oaths required by the state banking laws may be administered by a notary public.

Directors Must Act Only as a Board—Record of Proceedings.

The theory of the law is that the power to manage the business of the bank is vested in the directors *as a board,* and no individual director has authority to act for the bank except in those cases where *the board* has delegated some power to him as *the agent* of the bank. As said by the Supreme Court of Kansas:

"The election of an individual as a director does not constitute him an agent of the corporation with authority to act separately and independently of his fellow members. It is the board duly convened and acting as a unit that is made the representative of the association. The assent or determination of the members of the board acting separately and individually is not the assent of the corporation. The law proceeds upon the theory that the directors shall meet and counsel with each other, and that any determination affecting the association shall be arrived at and expressed only after a consultation at a meeting of the board attended by at least a majority of its members." (National Bank vs. Drake, 35 Kans. 564.)

The proceedings of the board are usually kept in the form of minutes; but this is not indispensable, unless required by the charter or by-laws. (Edgerly vs. Emerson, 23 N. H. 555.) Neither the National Bank Act nor the New York statute absolutely requires it; but usually the by-laws of the bank provide for it. Where no minutes of a meeting are kept, the proceedings may be proved by oral evidence. (Edgerly vs. Emerson, supra.)

Number of Directors Constituting a Quorum.

The Articles of Association or by-laws usually prescribe the number of directors necessary to constitute a quorum. In most cases the number is fixed at a majority of the board. And this would be the rule in the absence of any provision. The New York statute provides that "if the certificate of incorporation or the by-laws do not prescribe the number of directors necessary to constitute a quorum, and makes no provision for determining the same, the directors may fix the number necessary to constitute a quorum for the transaction of business, which shall not be less than five, with the same effect as if such number was prescribed in the certificate of incorporation." (Banking Law, sec. 50.) The National Bank Act is silent upon the subject, and the national banks cover the point by a provision in their articles of association.

Women as Directors.

The only requirements of the statutes are, usually, citizenship, residence, and ownership of stock; and hence there is no reason why an unmarried woman may not be a director; and now, as nearly all, if not all, of the states permit married women to own bank stock in their own right, there is no legal obstacle to the election of a married woman to such a position.

Vacancies—Resignations.

The National Bank Act provides: "Any vacancy in the board shall be filled by appointment by the remaining directors, and any director so appointed shall hold his place until the next election." (Rev. Stat. U. S. 5148.) The New York statute directs that "All vacancies in the office of directors shall be filled by election by the stockholders; but vacancies not exceeding one-third of the whole number of the board may be filled by the directors, and the directors so elected may hold their offices until filled by the stockholders at a special or annual meeting." (Banking Law, sec. 50.) This practice of filling vacancies by appointment by the other directors is very general, and is provided for in the statutes of many of the states. A director may resign at any time. (Briggs vs. Spaulding, 141 U. S. 132; Movins vs. Lee, 30 Fed. Rep. 298.) The resignation should be tendered to the board, and an oral resignation is sufficient, but the orderly and proper mode is to put the resignation in writing. The president being the head of the board, it may be tendered to him. (Briggs vs. Spaulding, 141 U. S. 132.)

Delegation of Authority—Committees.

The directors do not exercise a delegated authority, in the sense in which the rule applies to agents and attorneys, who exercise the powers especially conferred upon them and no others. The directors convened as a board are the primary possessors of all the powers of the bank, and like private principals, they may delegate to agents of their own appointment the performance of any acts which they themselves can perform. (Burrill vs. Nahant Bank, 43 Mass. 163, 166; Hoyt vs. Thompson, 19 N. Y. 207, 216.) Thus, it has been held that the board may delegate to a committee of their own number an authority to sell or mortgage real estate. (See cases cited above.) Accordingly, it is the custom to appoint committees to pass upon certain matters, and these committees exercise the power of the board with reference to those matters. Thus, many banks have an exchange or discount committee, the business of which is to pass upon applications for loans.* So, where the bank is erecting a banking-house, a building committee is usually appointed to take charge of this business. So the board has power to authorize the president or cashier to borrow money or obtain discounts for the use of the bank. (Ridgeway vs. Farmers' Bank of Bucks County, 12 Serg. & R. [Pa.] 256.)

Committing Power to Officers of Bank.

A question of much practical importance is, to what extent may the directors commit the management and control of the bank to its executive officers? In practice, the powers of such officers vary greatly. In some instances, they are allowed to have almost full control of the bank's business, while in other cases they perform no more than routine duties without consulting with the board or one of its committees. In Briggs

* The by-laws of a bank provided that an "exchange committee" should be organized, to be composed of the president, cashier, and a designated director, and that the cashier should not make loans in excess of a certain amount without the approval of such committee, or one member thereof, besides himself. Held, that the failure of the bank to name a director for the committee did not deprive the committee of its powers, as the two named by the by-laws, a majority, had power to act. (Wallace vs. Exchange Bank of Spencer, 126 Ind. 265.)

vs. Spaulding 141 U. S. 132) the Supreme Court of the United States quoted with approval the following from the Supreme Court of Pennsylvania in Perry vs. Millaudon (8 Mart. N. S. 68):

"There are many things which, in their management, require the utmost diligence, and most scrupulous attention, and where the agent who undertakes their direction renders himself responsible for the slightest neglect. There are duties where the duties imposed are presumed to call for nothing more than ordinary care and attention, and where the exercise of that degree of care suffices. The directors of banks, from the nature of their undertaking, fall within the class last mentioned, while in the discharge of their ordinary duties. It is not contemplated by any of the charters which have come under our observation, and it was not by that of the Planters' Bank, that they should devote their whole time and attention to the institution to which they are appointed, and guard it from injury by constant superintendence. Other officers on whom compensation is bestowed for the employment of their time in the affairs of the bank have the immediate management. In relation to these officers, the duties of directors are those of control, and the neglect which would render them responsible for not exercising that control properly must depend on circumstances, and in a great measure be tested by the facts of the case. If nothing has come to their knowledge to awaken suspicion, of the fidelity of the president and cashier, ordinary attention to the affairs of the institution is sufficient. If they become acquainted with any fact calculated to put prudent men on their guard, a degree of care commensurate with the evil to be avoided is required, and a want of that care certainly makes them responsible."

Right of Each Director to Inspect Books of Bank.

Each director has a right to know the transactions of his co-directors in relation to the management of the institution. It has therefore been held that the board of directors of a bank have no right to pass a resolution excluding one of its members from an inspection of its books, although they believe him to be hostile to the interests of the institution. (People vs. Throop, 12 Wendell, 183.) And in the case cited, it was said by the court:

"The thirteen directors were elected by the same stockholders, at the same election, to hold for the same term, clothed with the same powers, invested with the same trusts—each to exercise his best judgment in the management of the affairs of the company. Suppose a difference of opinion exists among the directors, a majority must control; but if they are divided, say six against seven, is it competent for the majority to turn the minority out of the directors' room, and refuse them any information of the business transactions of the bank? Surely, such an outrage could not be defended; nor can I conceive of any plausible apology for it. The directors, thus virtually ejected from office, might be the principal stockholders in the bank, and the majority might have very little interest therein, or might be hostile to the best interests of the institution. These are possibilities, but have little or nothing to do with the question of right. Every director has an equal right in regard to this matter."

Accordingly, it was held in that case that the cashier having refused to permit a director to inspect the discount book, a mandamus would issue, commanding the cashier to submit the book to the director's inspection, although the conduct of the cashier had been approved by a resolution of the board.

Directors Attesting Reports.

One of the duties directors are often called upon to perform is to attest the reports of the bank. The National Bank Act requires that the reports made to the Comptroller of the Currency shall be "attested by the signatures of at least three directors." (Rev. Stat. U. S. sec. 5211.) And this report as so made to the Comptroller is required to be published. (Id.) The word "attest" as used in the statute means something more than to witness the execution of the report by the president or cashier; it means to certify to the correctness of the report. (Gerner vs. Mosher, 58 Neb. 135.) In the case cited, it was said by Norval, J.:

"The defendants in the present suit, who, as directors, attested the reports made by the Capital National Bank to the Comptroller of the Currency, by such act vouched for, or certified to, the absolute truthfulness of the statements therein contained, and not that the report was correct. so far as the directors knew or had been advised by the proper performance of their duties as directors. The means of information, this record shows, were accessible to them. It was their duty to know whether the reports were correct or not."

Two of the judges, however, dissented from this view, and expressed the opinion that when a director attests a report, he does so only as a director, and with a view only to such knowledge of the condition of the bank as the exercise of his duties as a director impose upon him. Irvine, C. said: "Reading into the report, as we must, the director's legal duty, the words on these reports, 'correct: Attest,' mean, in effect; 'We, as directors, certify to the correctness of the foregoing report, basing our certification on the knowledge which we possess by virtue of a proper discharge of our duties as directors.'"

Liability for Attesting False Reports.

If the directors attest a false report, they are liable to the person who is deceived to his injury thereby. (Yates vs. Jones National Bank [Neb.] 105 N. W. Rep. 287.) Thus, where the report shows the bank to be solvent, when in fact it is insolvent, persons who, relying upon such report, have deposited their money in such bank may maintain an action against the directors who signed the report. (Id.) So, it has been held that the directors of an insolvent national bank are personally liable at the suit of one purchasing the stock of such bank for damages sustained by reason of the insolvency of the bank, where the purchase has been induced by false representations of solvency contained in reports attesting by the directors and published in pursuance of law. (Gerner vs.

Mosher, 58 Neb. 135.) Such an action does not rest upon any provision of the National Bank Act, but is in the nature of a common law action of deceit. (See cases cited above.) In such an action one of the directors cannot escape liability on the ground that there was no special reliance upon him, if it appears that the injured person relied upon the report. (Gerner vs. Yates, 61 Neb. 100.)

Degree of Care Required of Directors.

Bank directors are often styled trustees, but not in any technical sense. The relation between the corporation and them is rather that of principal and agent. (Briggs vs. Spaulding, 141 U. S. 132.) The degree of care required from them is the same as that which men of ordinary prudence exercise in regard to their own affairs. (Briggs vs. Spaulding, supra; Hanna vs. Lyon, N. Y. 107; Cassidy vs. Uhlman, 170 N. Y. 517; Swentzel vs. Penn Bank, 147 Pa. St. 140; Myer vs. Caperton, 87 Ky. 306; United Society of Shakers vs. Underwood, 9 Bush. [Ky.] 609; Williams vs. Halliard, 38 N. J. Eq. 373; Williams vs. McDonald, 42 N. J. Eq. 392; Wallace vs. Lincoln Savings Bank, 89 Tenn. 630.) This is as definitely as the rule can be stated, and each case must be governed by its own peculiar circumstances. (See cases cited above.)

Exceeding Powers of the Bank—Liability Therefor.

The directors are bound to observe the limits placed upon their powers by the laws under which the bank is incorporated, and if they transcend such limits and cause damage thereby, they are liable therefor. Thus, if they should employ the funds of the bank in some enterprise, wholly outside of its powers, they would incur a liability for any loss that might result. In such a case, even good faith would not afford them a defense, for they are required to know the limits of their authority.

Action Against Directors While Bank Is Going Concern.

While the bank is open and carrying on its usual business, the loss caused by the wrongful acts of its directors is an asset of the bank, and the bank may recover from such directors all damages which it may have sustained in consequence thereof. If the bank brings its action and recovers the damages, such damages inure to the benefit of all the stockholders, by an increase in the value of their respective shares, or the payment of increased dividends; and in such case the stockholders would have no right of action against the directors, for the reason that while they may have been damnified in the first instance, such damages have been paid to their benefit, and they have no right to be compensated twice for the same injury; and the directors cannot be compelled to pay twice for the same wrong.

In case the bank fails to bring an action against the directors for the damages sustained by it, then one or more of the shareholders may bring an action against the delinquent directors in behalf of himself and all the other shareholders, making the bank a party defendant. The action must be in behalf of all the shareholders, and not in behalf of such shareholders as wish to become parties to the action. In such action the shareholder who sues cannot recover a separate judgment for himself for the damages he has individually sustained, but the judgment must be in favor of the bank for the full amount of damages sustained by all the shareholders combined, and the judgment when collected must go to the bank, and inure to the equal benefit of all the shareholders, the same as if the action had been brought by the bank. (Zinn vs. Baxter, 65 Ohio St. 364.) But in order that a stockholder may bring an action against the directors for losses caused by their negligence, he must have been a stockholder at the time when the acts complained of were committed, and must also be such stockholder when the action is brought. (Hanna vs. Lyon, 179 N. Y. 107.)

Action Against Director Where Receiver Appointed.

Where a receiver has been appointed for the bank, he represents the bank itself, and hence is the proper person to bring an action against the directors for loss resulting from their negligence. (Bailey vs. Mosher, 63 Fed. Rep. 488; Exchange Bank vs. Peters, 45 Fed. Rep. 13.) In case, however, the receiver is one of the directors chargeable with neglect of duty, such action may be maintained by the stockholders, and when the stockholders are numerous, the action may be brought by one or more in behalf of all. (Brinckerhoff vs. Bostwick, 88 N. Y. 52.)

Suits by Depositors.

Where the directors have negligently permitted the assets of the bank to be loaned in violation of the statute, there is a breach of the implied contract with the depositors, inherent in the contract of deposit, that such deposits and the other assets of the institution will be used in conformity with the safeguards provided by law, and hence the depositors may sue the directors for the loss so sustained. (Boyd vs. Schneider, 131 Fed. Rep. 223.) In the case cited it was said by the United States Circuit Court of Appeals for the Seventh Circuit:

"The relation of depositors to the bank, and so far as directors stand liable for the doings of the bank, the relation of the depositors to the directors, while that of debtor and creditor, is something more than the mere relation of debtor and creditor. The contract of deposit is a loan; but not a loan pure and simple. On the acceptance of the deposit, a promise is raised that the bank will repay it on demand, or at the time stipulated; and to that extent the transaction is a loan. But when this much is said, the whole contract is not stated. The parties deal with each other on a basis, not merely that of borrower and lender, but on the basis, that the party receiving the money is a bank, organized under the laws of the United States, and subject to the provisions of law, present and future, relating to the custody and disposition of the money deposited; and that the party loaning the money is a depositor, leaving his money with the bank on the faith that such provisions respecting the custody and disposition of the deposit, will be observed. In legal effect, the depositor says, Here is my money; in consideration of its reception, and such interest as you pay, you can have its use; but only on this condition, that the use conforms to the safeguards provided by the law. The acceptance of money thus tendered implies that the bank and its directors, so far as they are responsible for the doings of the bank, agree to conform to the conditions named. The law governing the custody and disposition of deposits thus enters into and forms a part of the relation created between the parties. (Walker vs. Whitehead, 16 Wall. 314); thereby creating direct privity of relation between the directors and the depositors."

ANNUAL REPORT OF THE DEUTSCHE BANK.

THE annual report of the Deutsche Bank presented recently in Berlin states that the entire world, but particularly Germany and the United States, is now suffering from an excess of prosperity, and that the cash requirements for new enterprises have exceeded the provisions of new capital required therefor.

The business of the bank for the past year shows the following results: The volume of business has increased from $18,334,000,000 to $20,239,000,000. The usual dividends have been paid at the rate of 12 per cent. per annum. The capital is now $47,619,000, and the stock is quoted at 241 per cent. The reserve amount has been increased to about $25,000,000, while the unwritten reserve being represented by the book valuation less the market value of the investment has increased to $14,280,000, making the total actual reserve more than 80 per cent. of the total share capital. The cash items amount to $245,000,000, while the amount due the public for cash deposits amounts to $298,000,000. The amount of open account has increased from $139,000 to $164,000 and the staff from 3,693 to 4,096 employees.

PROFESSOR VAN DEUSEN'S ARTICLES.

THE interesting series of articles by Professor Edgar Van Deusen on investment securities will be continued in the April issue of THE BANKERS' MAGAZINE, the next paper dealing with "Stock Shares of Private Corporations." This will be followed by other articles treating of the various classes of securities handled by commercial banks, savings banks and trust companies.

These papers are attracting deep interest among bankers and investors on account of their comprehensive character and their thorough consideration of the principles applicable to the respective classes of securities.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

BANKING AND COMMERCIAL LOSSES (CONTINUED).

IF experience has any value, few narratives can be more instructive than the records of commercial and banking losses and disasters now being presented. They indeed form a sort of chart that indicates the rocks and shoals besetting navigation in banking and commercial seas. It is therefore of high importance that the record shall be true; and the selection of instances such as to illustrate some danger to be guarded against. The incidents related in these and succeeding chapters fulfill both conditions.

Some years ago, in a western city of this continent, an able and intelligent merchant in the grain trade was carrying on business year after year with safety and satisfaction. He was in good credit with his bankers, and well esteemed on "'Change" for his probity and reliability. He had, at times, his losses by falling markets, but he had also his gains; and, taking one season with another, he made steady progress and quietly accumulated capital.

His dealings with his banker had always been marked by probity and punctuality. He could be relied upon to fulfill his engagements, and being well known to his bankers as a man of remarkable intelligence, his account was deemed one of the most satisfactory in their connection.

His operations were legitimate, though of considerable magnitude, and so high was he esteemed that his bankers had no hesitation, in an active season, in making considerable advances, at times, on his simple engagement to deposit equivalent bills of lading for grain in the course of a few days, when the cargoes he was purchasing would be completed.

This was not the usual course of his account; for generally the advances he obtained were secured at the time. But these exceptional advances were considered to be needful when the movement of grain was exceptionally heavy. For years no failure to meet his engagements had occurred. But on one occasion, in the midst of an extremely active market, an advance of this character was applied for of more than usual magnitude. For the purpose, ostensibly, of filling contracts, the merchant required to proceed to Chicago to purchase the required quantity. Four or five days would have been sufficient for the purpose, and by that time he was expected to return and deposit the bills of lading.

But he failed to appear at the expected time. After a further delay of one or two days, his bankers became uneasy, especially on hearing that a gigantic "corner in wheat" was in progress.

* Continued from February number, page 208.

He had, however, never been known to take part in anything of the kind, and the uneasiness was not serious.

A few more days elapsed, when he again entered the bank. His appearance at once excited attention. His face had a terribly haggard expression, apparently from excitement and loss of sleep; and a sad story he had to tell. He had brought no bills of lading; he had lost the whole of the money advanced to him and all his active capital in addition. In a moment of weakness he had been induced to join in the huge "corner" that was in progress, and to deposit the money that had been advanced to him, as his share in the operation. For a day or two it seemed as if he would more than double his money; but, as is generally the case, the bubble burst just as the speculation was maturing. Every man engaged in it was ruined, he himself included.

He made all the reparation in his power. He had no other creditor than his bankers, and to them he gave a mortgage of all the property he possesses, including a handsome residence. Shortly afterwards he left the city.

The fact was that he was utterly ashamed to meet his confreres on 'Change after such a fiasco. And after realizing their security, the bank made the heaviest loss it had known for years.

He went to Chicago. There he earned a precarious subsistence for about a year, after which he suddenly disappeared. None of his friends knew what had become of him; but a few days afterwards his body was found floating about New York Bay—a terrible end to a once most promising and prosperous career.

Another Disastrous Speculation in Grain.

In another case in the same line of business, a failure took place from a different cause.

In a certain commercial city of this continent a man well on in years was often noticed at a certain period in the last century as haunting the purlieus of 'Change, having a strangely shabby, broken-down appearance.

He would occasionally ask his friends, and sometimes even his former bankers, for a small loan, telling them, with an eager face and confident air, that the market in some staple commodity was in such a condition that an advance was certain. There was a handsome profit in sight. It was a sure thing. The speculation was safe, and with a few hundred dollars at risk, he had a certain prospect of making thousands.

Nobody doubted his truthfulness or honesty. But they would not lend him any money.

The story of his fall from a higher position in the business world is an instructive one. The circumstances passed under my own observation; as did those just related.

In the year 18— an extraordinary rise took place in a leading staple of the Canadian grain trade. This person had been engaged many years in that special branch, and had met with fair success. He understood the business, had good connections, had some capital, and always maintained an honorable record.

In this particular year he commenced buying the grain referred to in the customary manner, and continued for some time shipping as well as buying, taking but small risks, as was his usual method. As the price was steadily advancing, he uniformly realized a profit out of his purchases. Naturally, this developed a disposition to make larger purchases, and also to hold, which at length he determined to do, warehousing the grain in independent warehouses and obtaining advances thereon from his bankers. He was advised by them from time to time to ship and realize his profits, which were becoming considerable. But the market went on rapidly rising. A heavy speculation set in. Buying orders from abroad poured into the offices of dealers, and the price at length reached a phenomenal figure, such as was never known for the article either before or since.

Exciting scenes occurred daily on 'Change, and a perfect fever of speculation prevailed.

His bankers now pressed more and more strongly that he should realize and take advantage of what was the opportunity of a lifetime, by realizing a profit which would nearly double his capital.

He was wise enough to adopt their suggestion, and on one well-remembered day, sold out his whole stock at an immense profit.

His bankers congratulated him that afternoon on the sale, for it not only ensured repayment of their advances, but the prospect of a good and safe business with him in the future from his largely increased capital.

The day on which he made the sale was a day of excitement far beyond anything ever known in the trade. The air was full of rumors, dealers were buoyant beyond all reason, and the price went on advancing, on this one day, by "leaps and bounds." The bank congratulated itself that their customer at any rate had escaped from the vortex; and when he made his appearance next morning, supposed he would hand in checks for his advances, with the large profit he had realized in addition.

Conceive, then, the disappointment and vexation, indeed the anger of the bank, on learning that after selling out his stock, and realizing practically a fortune, he had, in market phrase, "*bought in again,*" and was now holding as much of the grain as ever! After getting safely out of the vortex, he had been caught by the spirit of speculation then dominating the market, and plunged in again.

The indignant remonstrances of his bankers produced no effect. He was convinced that the market would rise still higher; that he would make a still larger profit, and was deaf to all advice and warning.

It was, however, at that moment, more *his* affair than the *bank's;* for its margin was very large, and the market would have to fall to what seemed an impossible extent, before they could be affected.

What followed may be briefly told.

From that day the market began to decline. The decline went on steadily. He persuaded himself, however, that there would soon be a reaction, and that the price would go higher than ever. Nothing could shake that conviction.

The decline proceeded as rapidly as the rise had done, but he could not be persuaded to sell.

The bank could not reasonably exercise the "power to sell" contained in their securities, so long as the margin continued so good. Therefore week by week he was allowed to take his own course. But, as is often the case under such circumstances, he became utterly demoralized by the rapid disappearance of his profits. He continued desperately to hope against hope; until at last the bank, seeing that the margin was rapidly disappearing, gave the usual notice, took possession of the grain, placed it on the market, and realized.

The market fell steadily and rapidly during the process; and the final result was that the net amount realized from the grain was actually *less than the advances on it.*

The man was ruined beyond redemption. The bank's loss was considerable, but for the merchant the event was fatal.

From that time he never held up his head. He became utterly unfit for business, disappeared from the scene of his misfortune, and finally subsided into a melancholy wreck, a terrible example of the folly of eagerly grasping at the last dollar of profit, and so, according to the old fable, by aiming at a shadow, losing the substance.

The grain trade, perhaps more than any other, requires a particularly cool head, and what may be called a moderation of spirit, to enable success to be achieved in it. In almost every considerable centre of this branch of commerce are to be found such wrecks as the foregoing; and it may be laid down almost as an axiom in this business that the man who seeks to make large profits out of a single venture will inevitably be overtaken at some time in his career with bankruptcy and ruin.

One of the most successful men who ever carried on this business invariably acted on the principle of never grasping at the last percentage of profit in a given line of operations, and continued to the day when he went out of the trade altogether, a prosperous and successful man.

Another example of commercial and banking loss in this exciting but difficult trade differs from both the preceding.

At a certain point in the nineteenth century no name was more prominently known, both on this side the Atlantic and in Europe, than that of a large grain merchant in a certain much-frequented seaport. His operations were legitimate, in one sense, namely, that, unlike speculators on margin, he handled the actual grain, purchasing and shipping from western centres of production to merchants and millers in Europe. His operations, at times, were so large that he could furnish the whole cargo of several steamers at once. Many merchants and millers in Europe looked to him for supplies. Inland steamers were supplied by him with a constant succession of cargoes during navigation. Cables and telegrams alike were pouring into his offices continually, and his bank account was one of phenomenal activity. His capital was supposed to be large; but his operations altogether baffled the calculations of more moderate men in the trade. They despaired of following out the results; but amongst themselves had shrewd suspicions that, at some time or other, a heavy collapse would ensue. And ensue it did. It came about in this wise.

In the midst of a certain season, known to be one of heavy depression in the trade, his bankers demanded a more exact statement of the stores of grain he held, and the cargoes he had under way, as well as the state of his account with European correspondents.

On this statement being examined, it became evident that he was insolvent.

The advances from his bankers were nominally covered by securities, but investigation showed that, in many cases, the so-called securities were of an illusory character.

Large quantities of grain, represented as being stored in a certain mill, or in process of shipment, were not to be found.

Properties in the shape of mills, ships, etc., were found to be worth a mere fraction of the values he had placed upon them.

When he had passed into insolvency, and a thorough investigation of his affairs was made by a committee of creditors, it became evident that his business for years had been nothing more than a continued course of heavy "plunging." He had gone on recklessly making immense purchases, and shipping a large series of cargoes across the Atlantic on consignment, conducting his whole business as if it were a game of chance. The only difference between his operations and those of a mere speculator on margin was that he actually handled the grain.

Fortune sometimes favored him; for his books showed that at the close of some seasons, he had a large surplus of capital. But more frequently he closed the year in a state of insolvency.

How, then, it may be asked, did he keep himself afloat?

The answer is to be found in the condition of his affairs at the close, viz., that there were in the hands of his banker documents representing large quantities of grain that had passed out of existence, on which he had obtained advances but which had been shipped without such advances being retired, a state of things which every banker doing business in seaport centres knows to be possible when numbers of cargoes are constantly shipped.

The business was wound up. The estate paid scarcely any dividend. And as in the former cases, the great speculator disappeared from the scene of his ambitious projects and never returned.

Advances on Warehouse Receipts.

It may be said that the feature of Canadian law which makes it legal for bankers to advance money on warehouse receipts given by a person for his own property is responsible for such disasters as the foregoing.

There can be no doubt that such receipts are of far less value as security than those given by a warehouseman for goods placed in his charge by another. But no banker is obliged to make advances on such documents, and it is doubtful whether in this case advances were made on this kind of a warehouse receipt at the outset.

It is more than likely that the shortage, so to speak, arose in the processes by which grain is transferred from railway to steamer, from canal boats to warehouse, from inland steamers to ocean-going vessels, in all which operations there are intervals of time during which merchandise is in a state of transition, and actually covered by neither one kind of document nor another. The amount of grain in transition when operations are large, in an active shipping season, is of far greater magnitude than any outsider would deem possible.

Risks of the Grain Business.

The commercial and banking losses mentioned in this chapter all arose in connection with one line of business, viz., the export grain trade; and all experience shows this business to be one of the most risky in which any man can engage. Yet it is one of the most useful of all occupations, for the supply of food to the people of whole nations depends upon it.

If such a thing could be conceived as that commercial men would be so afraid of the risks of the trade that they would not engage in it, a good part of the people of the world would starve. That, however, is inconceivable. But it is a fact that the average rate of profit in the business of providing the staple food of mankind is so small that nothing but the closest calculation and most exact management, combined with coolness of judgment, can carry a man successfully through its risks.

In looking over the results of hundreds of millions of operations engaged in by exporters and dealers in breadstuffs throughout the world, it is somewhat melancholy to notice how few of the men who have been engaged in the trade have derived any permanent benefit from it. Benefit there has been to the great mass of consumers, but the result to the men who have fed these millions has almost invariably been bankruptcy.

In examining dispassionately cases like the foregoing, and endeavoring to draw some useful lessons therefrom, both for bankers and their customers, it is impossible to avoid a conviction that some blame must fall upon the banks concerned.

Let them be taken one by one. The bank in the first case advanced a very large sum in actual money on the statement of a customer that he was about to make large purchases in a distant grain centre. But with such knowledge of business as bankers ought to possess, and the exercise of shrewd reflection, they should have seen that it was not necessary for a customer to go to that market with money actually in hand. There was no need for the bank to hand their customer this money; and the fact that they were asked to do it should have rendered them suspicious. The proper course for the merchant would have been to go to Chicago, to purchase the required quantity, to order it to be shipped; and for the seller to draw upon him at short sight with bills of lading attached. The bank could have advanced the money to take up the drafts with safety; for they would have the bills of lading as security. This would have demonstrated to the bank that their money was represented by grain; but to ask for a large amount of money for the purpose of taking it to Chicago should have suggested that an improper use might be made of it. They should have known that it might be put up as a margin in a speculation, or paid in as a share in a huge "corner;" which last proved actually to be the case, to the ruin of the merchant and loss to the bank.

In the second case, where a bank's customer refused to sell grain on a falling market, while there was still a heavy profit in the transaction, it is evident that the power of sale should have been exercised earlier than it was.

The case was one for prompt and decisive action, when the bank had so foolish a customer to deal with. No considerations of regard for a man's feelings, or fear of giving offence, should have been allowed to prevail at such a time. Even a regard for the customer's own interest might have led the bank to a firm course of action; for undoubtedly a customer's interest is, at times, best served by a refusal to lend money, or by insisting upon payment at the proper time.

After all, what the bank was bound to consider was its own interest; and if it had followed a course of action best suited to that, it would have saved itself from loss, and its customer from ruin.

In the third case, the bank was to blame in making continuous advances to a customer whose operations repeatedly suggested the necessity of a close inquiry as to his methods and position, which inquiry would have demonstrated that his methods were unsound, and his operations nothing but "plunging." In this case the bank should have insisted upon tangible and solid security to be furnished, so that its advances might at all times be covered, in default of which it should have closed the account; and no consideration of the convenience of the customer, or the indirect advantage to trade, or the profitableness of the apparently valuable account, should have prevented such action being taken.

The above criticism is all founded on the theory that a banker should be sufficiently acquainted with the general course of the trade of his customers to be able to judge whether they are carrying on business judiciously or not. That this is a sound theory will hardly be disputed by those competent to pass judgment.

G. H.,

Former Gen. Mgr. Merchants' Bank of Canada.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

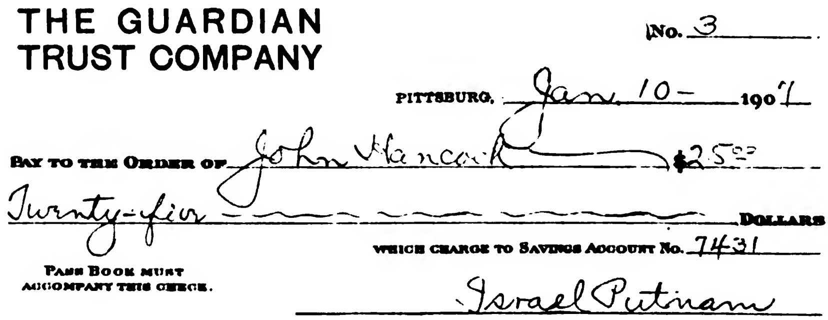
BY CLAY HERRICK.

FORMS AND RECORDS FOR THE SAVINGS DEPARTMENT (CONTINUED).

SAVINGS JOURNAL.

RECORD of the day's business in savings deposits and withdrawals may be kept by the bookkeeper on journals or scratchers similar to those used for commercial accounts; as for example that shown in figure 131.†

It is more common, however, for the tellers to keep journals of savings deposits and savings withdrawals, entering a memorandum


THE GUARDIAN
TRUST COMPANY

No. 3

PITTSBURG, Jan. 10 — 1907

PAY TO THE ORDER OF John Hancock $25.00

Twenty-five Dollars

WHICH CHARGE TO SAVINGS ACCOUNT No. 7431

PASS BOOK MUST ACCOMPANY THIS CHECK.

Israel Putnam

‡FIG. 239.—CHECK OR ORDER ON SAVINGS ACCOUNT.

of each transaction as it occurs. Figure 242 shows a form of this record for withdrawals. As will be seen, each entry covers the number of the account, the name of the depositor, amount of the withdrawal (or deposit) and the pass-book balance after the entry of the item, together with any memoranda the teller may wish to make. The addition of the pass-book balance is a valuable feature, making it possible to verify the pass-book balance with that of the ledger without taking the time to consult the ledger for each item at the time of the

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

† The Bankers' Magazine, June, 1906, page 853.

‡ Note.—Figs. 239, 240 and 241 should have been printed with the concluding part of the article appearing in the February number, but were omitted by mistake.

No. 3618 Notice expires Apl. 27, 1906

Pittsburg, Pa., Mch 28 1906

I hereby give notice to The Blank Trust Company that I will, at my option, at the expiration of 30 days from this date, draw from said Company $500.00 of my deposit number 3618 in said Company.

John Doe

FIG. 240.—NOTICE OF WITHDRAWAL.

transaction. The same result may be attained, but not so well, by entering the pass-book balance on the deposit slip or the withdrawal slip.

In case the business is small, only one deposit sheet and one withdrawal sheet are used for each day's business, or for several days' business, until the sheet is full. In large companies, however, it is customary to use one sheet for the accounts in each of the several ledgers, or each division of the cards, if card ledgers are used. This is partly for convenience in posting, and partly in order to keep the total deposits and withdrawals for the day in each ledger separate, so that trial balances of each ledger may be kept.

Figure 243 shows another style of savings journal, in which a separate column is provided for entry of the items in each ledger or each subdivision of the cards. The footings of the several columns show the total deposits (or withdrawals, as the case may be) for the day for the different ledgers or card subdivisions.

Notice left on book number 1648 for $300.00

at

THE BLANK SAVINGS AND TRUST COMPANY.

This notice is not negotiable, and must be presented by depositor when withdrawal is made.

Date of notice Sept. 5 1906

Payable Oct. 5 1906

Or within ten days thereafter.

FIG. 241.—ACKNOWLEDGMENT OF NOTICE OF WITHDRAWAL.

Figure 244 shows a record of deposits similar to the form shown in Figure 242, but with the addition of columns for proof of postings. The teller, at the time of the transaction, fills out all the columns to "Pass-Book Balance" inclusive. The bookkeeper posts to the ledgers from this sheet; and, after making the posting, enters, in the columns shown, the old and new balances of each account. In doing this he notes any case in which the new balance shown by the ledger differs from the pass-book balance as entered by the teller. In this way differences between the two books are immediately detected, and the pass-books are called in for rectification. When the posting is completed, the footing of the

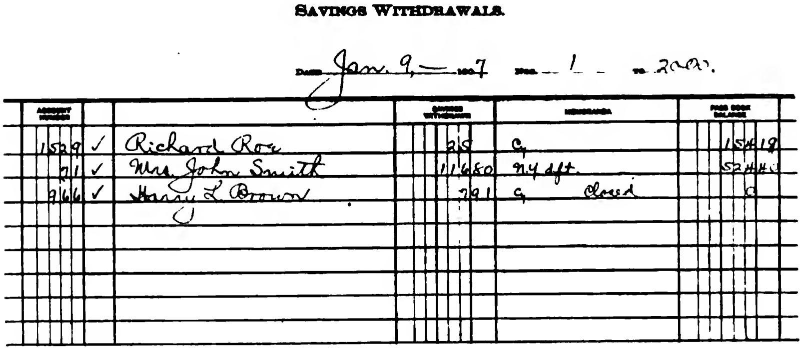


FIG. 242.—SAVINGS WITHDRAWAL JOURNAL.

column showing the amounts of deposits is entered in the "Old Balance" column, and if the postings and extensions are correct, the "Old Balance" and "New Balance" columns should agree in footings. With the withdrawal sheet the process is the same, except that the footing of the amount column is added to the "New Balance" column. In the systems illustrated in figures 242, 243 and 244, the sheets for deposits and withdrawals are the same in each set, except for the headings "Savings Deposits" and "Savings Withdrawals" respectively. At the close of each year or each half-year, the sheets should be bound in permanent shape, and filed in the vault.

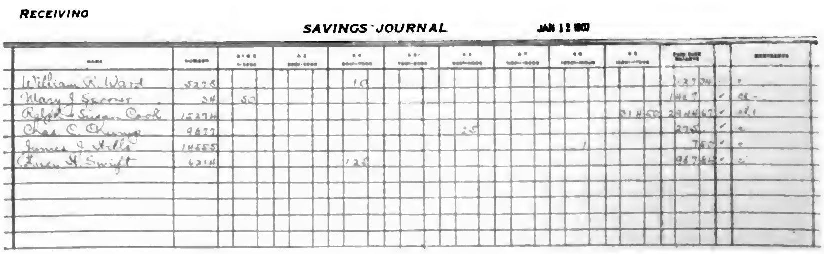
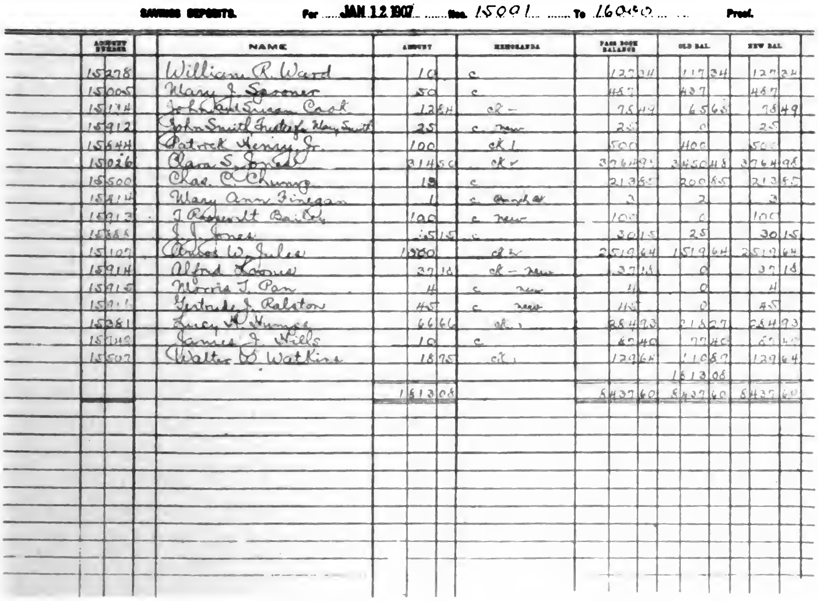


FIG. 243.—SAVINGS DEPOSIT JOURNAL.

Savings Ledgers.

The use of bound books for savings ledgers is fast giving way to the use of either loose-leaf ledgers or cards. The disadvantages of bound books for this purpose are many. They soon come to contain many closed accounts. The space assigned for a given account is apt to become filled, so that it is necessary to "carry forward" the account to a new page, or else to close the account and open a new one with a new number—a troublesome process both for the company and for the depositor. Where bound books are used, provision is usually made on each page for more than one account, the number varying from two to eight. The ruling does not differ materially from that used in the loose-leaf and card ledgers here shown.



SAVINGS DEPOSITS. For JAN 12 1907 Nos. 15001 To 16000 Proof.

Account Number	Name	Amount	Memoranda	Pass Book Balance	Old Bal.	New Bal.
15278	William R. Ward	10	c	127 34	117 34	127 34
15005	Mary J. Spooner	50	c	487	437	487
15134	John and Susan Cook	12 84	ck —	78 49	65 65	78 49
15912	John Smith Trustee for Mary Smith	25	c new	25	0	25
15644	Patrick Henry Jr.	100	ck 1	500	400	500
15026	Clara S. [illegible]	314 50	ck	3764 98	3450 48	3764 98
15500	Chas. C. Chung	13	c	213 55	200 55	213 55
15814	Mary Ann Finegan	1	c [illegible]	3	2	3
15913	J. Roosevelt Bailey	100	c new	100	0	100
15885	J. J. Jones	5 15	c	30 15	25	30 15
15107	[illegible] W. Jules	1000	ck	2519 64	1519 64	2519 64
15914	Alfred [illegible]	37 18	ck — new	37 18	0	37 18
15915	Morris T. Pan	4	c new	4	0	4
15916	Gertrude J. Ralston	45	c new	45	0	45
15281	Lucy H. [illegible]	66 66	ck	284 93	218 27	284 93
15342	James J. Wells	10	c	87 40	77 40	87 40
15507	Walter D. Watkins	18 75	ck	129 64	110 89	129 64
					1513 08	
		1513 08		5437 60	5437 60	5437 60

FIG. 244.—SAVINGS JOURNAL, WITH PROOF OF POSTING.

Figure 245 shows the form of loose-leaf savings ledger that is most commonly used. Its size, including binding space, is $12\frac{1}{2}$x$9\frac{1}{4}$ inches. Some companies prefer to have the balance column placed between the debit and credit columns. Whichever plan is adopted, there is a distinct advantage in having the rulings of the pass-books and of the ledgers exactly the same. It is sometimes considered a convenience to provide a separate column for interest entries, as in the form shown in Figure 246. A few companies figure interest on each transaction rather than on the balances, crediting interest to the end of the interest period for each deposit, and charging interest similarly for each withdrawal. In such cases the ledgers are ruled to provide for these interest computa-

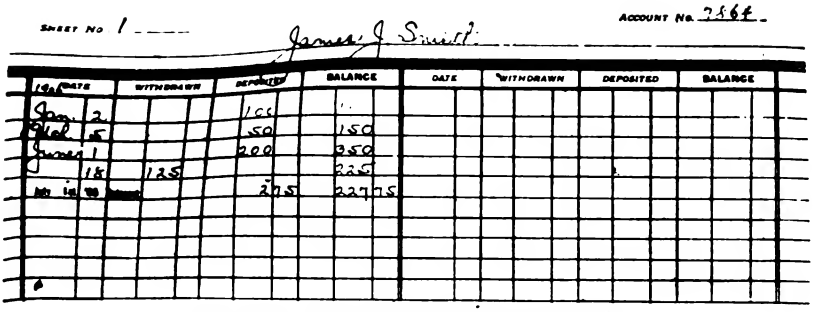


FIG. 245.—LEDGER FOR SAVINGS ACCOUNT.

tions, the headings of the columns being Date, Interest Balance, Interest Dr., Withdrawals, Interest Cr., Deposits, Balance. The interest balance is kept separate until the end of the period, when it is added to the balance of the account. Some companies have adopted the practice of taking the depositor's signature on the ledger leaf, which also contains other descriptive matter usually found on the signature card. Figure 247 shows a ledger leaf prepared for this purpose.

Card ledgers for savings accounts are extensively used, especially among the larger companies, the form of the card ruling having the same variety as in the case of loose-leaf ledgers. The most common form is shown in Figure 248. The tab at the top of the card shows the last figure of the account number, the position of the tab varying with the figure, that for 1 being at the extreme left, as shown in the figure, and those for 2, 3, etc., being at measured distances to the right. These tabs are for convenience in picking out the card wanted. The cards are arranged in numerical order, with large index cards for each even hundred numbers, and smaller index cards for each even ten numbers. For example, the card shown in the figure would follow the index card marked 70, which would appear in its proper order between the large index cards 24,400 and 24,500. The cards are kept sometimes in the

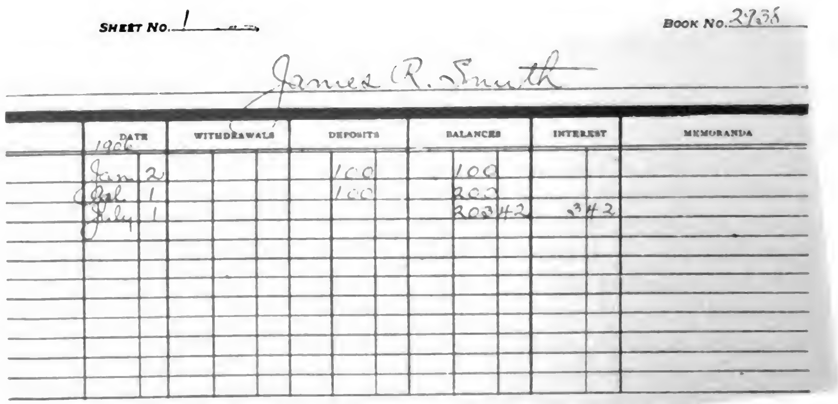


FIG. 246.—SAVINGS LEDGER, WITH INTEREST COLUMN.

drawers of a cabinet, and sometimes in the drawers of a specially-prepared table whose top is made in movable sections, enabling the bookkeeper to place a section just at the side of the card-drawer on which

THE BLANK SAVINGS AND TRUST COMPANY

In account with James J. Smith

Sheet No. 1 Book No. 8769

I hereby agree to the Bylaws, Rules and Regulations of this bank

Sign here James J. Smith

Address 2754 Lakewood Av. Birthplace Troy N.Y. Age 25.

Occupation Attorney at law Mother's maiden name Sarah Brown

Date		Withdrawn		Deposited		Balance		Date		Withdrawn		Deposited		Balance	
1906 Jan.	2			369	84	369	84								
Apl.	21			150		519	84								
May	7	25				494	84								

FIG. 247.—SAVINGS LEDGER, WITH DEPOSITOR'S SIGNATURE.

James J. Smith 24471

DATE			WITHDRAWN		DEPOSITED		BALANCE	
Jan.	3	'06			100		100	
Mch.	5				50		150	
June	1				200		350	
	18			125			225	
July	1st	'06	Interest		2	75	227	75
Sept.	1				118	64	346	39
Nov.	16				50		396	39
Dec.	20			20			376	39
Jan.	1st	'07	Interest		6	22	382	61
Feb.	1				74	40	457	01

FIG. 248.—SAVINGS LEDGER IN CARD FORM.

he wishes to work. During the process of posting each card as wanted is removed from the file, the entries and extension are made, and the card is then returned to its place. A proof of posting may be taken in the same manner as that described in connection with Figure 244. A method used for proving the postings on the adding machine is as follows. Using the journal as a guide, the cards of the accounts active for the day are removed from the files, temporary cards (of different colors for accounts having credits and accounts having debits) being put in their places. After all the cards are removed the balances shown on them are

SAVINGS LEDGER TRIAL BALANCE

DATE JAN 19 1907

REMARKS	LEDGER NUMBER	DEBIT	CREDIT	BALANCE
	1	118 50	2493 17	191 473 66
	2	3544 51	12 60	116 550 90
	3		1 00	83 555 64
	4	2447 19	5768 78	254 796 25
	5	10 00	2681 64	151 670 50
	6	7784 70	3218 99	105 460 01
	7	5166 17	21666 76	95 377 52
	8			192 656 70
	9	2124 45		144 676 54
	10	1240 18	2160 17	1118 540 72
	11	1377 66	5 50	518 618 18
	12	2160 54	35 79	235 615 71
	13	3 15	6544 90	108 550 01
Tot. Cr.		27289 20	50343 41	3320 572 64

FIG. 249.—LEDGER TRIAL-BALANCE PAGE.

listed on the adding machine. The postings are then made, and a new adding-machine list of balances is taken. To the latter list is added the total of the withdrawals for the day, and to the former list the total of the deposits; whereupon the totals will agree if the work has been done correctly. All of the accounts active for the day may be included in one such proof, or a separate proof may be taken for, say, each five

FORM NO 30

THE CITY TRUST COMPANY,

NEW ORLEANS, Jan. 5 1907.

PASS BOOK NO. 3457 IS RETAINED 5 DAYS FOR THE COMPUTATION OF INTEREST.

PLEASE PRESENT THIS TICKET FOR THE RETURN OF SAME.

FIG. 250.—RECEIPT FOR SAVINGS BOOK.

thousand accounts. This will be determined by the method used in the monthly trial balances, which are often taken for each five or ten thousand accounts separately. The object in so doing is to lessen the ground that must be covered in searching for an error, search being necessary only for that group of cards which does not balance. For similar reasons, as already noted, companies which have a number of loose-leaf ledgers keep record of the balance of each ledger separately. This may be done by running in the general ledger a separate account for each of the savings ledgers. A better plan, however, is to keep a daily trial balance of the savings ledgers in some such form as that shown in Figure 249. Each day the total debits and the total credits for each ledger, as shown by the savings journals, are entered in the columns shown, and the balance for each ledger is extended. The total of the balances for the several ledgers should equal the total savings deposits, as shown by the general ledger. This form may easily be arranged on the plan of the Boston ledger if desired.

AFFIDAVIT TO LOSS OF PASS BOOK.

State of Ohio, } ss.
CUYAHOGA COUNTY. }

Before me a Notary Public, in and for said County, personally appeared John Smith *who being first duly sworn says that* he *is the owner of a certain savings account with* **The Cleveland Trust Company,** *of Cleveland, Ohio, evidenced by PASS BOOK No.* 7358, *issued by the said company, and is the person named in said pass book; that there is now due* him *on said pass book the sum of* One hundred and ten and 15/100 *DOLLARS that the said pass book has been lost, mislaid, stolen or destroyed; and that the said account has not been sold, assigned or pledged to any person whatsoever.*

John Smith

SWORN TO before me and in my presence subscribed this tenth *day of* January *1907*

R. J. Moon *Notary Public.*

RECEIVED OF **The Cleveland Trust Company,** *this* tenth *day of* January *1907* One hundred and ten and 15/100 *DOLLARS* ($110.15)

Being the balance due, with interest in full, on the above named savings account, in consideration whereof I hereby agree to fully indemnify the said Trust Company against any loss growing out of or in any way arising from the payment to me of the above sum without presentation of the pass book evidencing said account or by reason of any transfer or assignment of the said account or any interest therein.

John Smith

FIG. 251.—FORM USED WHEN PASS BOOK IS LOST.

At interest-paying periods, pass-books are brought in for the entry of interest. Occasionally the interest is entered while the depositor waits. but it is more common to retain the pass-book for five or ten days, giving the owner a card receipt, such as is shown in Figure 250.

It is not an unusual thing for a depositor to lose his pass-book, and demand payment of the account without presentation of the pass-book. In such cases it is wise to insist upon a thorough search for the book, as it very often happens that it has simply been mislaid, and the depositor finds it when he is made to understand the importance of doing so. If the book cannot be found, the depositor is required to sign an affidavit and receipt, such as that shown in Figure 251, and the account is closed.

(*To be continued.*)

THE RESPONSIBILITIES OF DIRECTORS.

AN attractive booklet, prepared by Frederick Phillips, secretary of the Lincoln Trust Company of New York city, has just been published. It sets forth the responsibilities of directors and shows some of the work done by the directors of this company in making examinations. After stating that the national banks operate under a uniform law, while the laws governing trust companies vary in the different states, Mr. Phillips says:

FREDERICK PHILLIPS.

"Properly, therefore, trust companies can not be classified all under one head, for as there is a difference in textile fabrics made of different materials and woven on different looms, though all are textiles, so is there a difference between trust companies. To-day these institutions everywhere prosper and stand high in public favor, but if they are to grow in public esteem and to continue their prosperous career, they must not only win, as they have, the confidence of the community, but deserve it, so that it may be maintained through all conditions.

Such confidence is born only of knowledge, and it is therefore time that the public not only learned the functions and powers of the trust companies with which they may be doing business, but that they also informed themselves, first, as to the protection provided by law for their funds and affairs when intrusted to these corporations; and second, as to the responsibility of the individuals directing their affairs.

So favorable is the history of trust companies in this state, covering a period of more than four-score years, that an outline of their govern-

REPORT OF EXAMINATION

of Lincoln Trust Company *located at* New York City

made as of the close of business on the 27th *day of* October, 1906.

in conformity to the provisions of chapter 418 of the laws of the State of New York for the year 1905, as amended.

Names of Directors making examination:

Robert Sorlet

Louis Stern

A. M. Hyatt

The following is the section of the Banking Law under which this examination is required:

§ 21-a. It shall be the duty of the board of directors of every bank and trust company in the months of April and October in each year to examine, or to cause a committee of at least three of its members to examine, fully into the books, papers and affairs of the bank or trust company of which they are directors, and particularly into the loans and discounts thereof, with a special view of ascertaining the value and security thereof, and of the collateral security, if any, given in connection therewith, and into such other matters as the superintendent of banks may require. Such directors shall have power to employ such assistance in making such examination as they may deem necessary. Within ten days after the completion of each of such examinations a report in writing thereof, sworn to by the directors making the same, shall be made to the board of directors of such bank or trust company, be placed on file in said bank or trust company, and a duplicate thereof filed in the banking department. Such report shall particularly contain a statement of the assets and liabilities of the bank or trust company examined, as shown by the books of the bank or trust company, together with any deductions from the assets, or additions to liabilities, which such directors or committee, after such examination, may determine to make. It shall also contain a statement in detail, of loans, if any, which in their opinion are worthless or doubtful, together with their reasons for so regarding them; also a statement of loans made on collateral security which in their opinion are insufficiently secured, giving in each case the amount of the loan, the name and market value of the collateral, if it has any market value, and, if not, a statement of that fact, and its actual value as nearly as possible. Such report shall also contain a statement of overdrafts, of the names and amounts of such as they consider worthless or doubtful, and a full statement of such other matters as affect the solvency and soundness of the institution. If the directors of any bank or trust company shall fail to make, or cause to be made, and file such report of examination in the manner, and within the time specified, such bank or trust company shall forfeit to the people of the state one hundred dollars for every day such report shall be delayed, which penalty may be recovered through an action brought by the attorney-general against such bank or trust company, in the name of the people of the State of New York. The moneys forfeited by this section, when recovered, shall be paid into the state treasury, to be used to defray the expenses of the banking department.

DIRECTIONS AND SUGGESTIONS

In making this examination the committee should familiarize itself with the general character of the assets of the bank or trust company, and of its management. It should closely scan the assets, with a view of ascertaining all bad or doubtful items, and should list such items in detail, that measures may be taken to eliminate them from the assets.

The committee should especially examine all large loans, and all collateral given to secure loans, with a view of ascertaining what loans are insufficiently secured, and what collateral is of doubtful or unknown value; and, in short, do everything which may be necessary to arrive at and report upon the true condition of the institution, to the end that the report may intelligently inform the board of directors and the banking department of such condition.

The primary object of this examination is to acquaint the board of directors with the true condition of the bank or trust company, so that it may take such steps as may be necessary to save the institution from loss, and to prevent, if found, the further pursuance of a policy in the conduct of the affairs of the bank or trust company, which, in the opinion of the board, might lead to loss or disaster.

It has been too often justly said that "directors do not direct," and that they are too often unacquainted with the condition of the institution of which they are directors. A faithful compliance with the law under which this examination is made will make a truthful repetition of this assertion impossible.

The verification to the report should be made by each and every member of the committee.

Under every heading as to which no items are found to report, the word "none" must be written.

This examination should be made without previous notice to, or knowledge by, employees of when it is to occur.

The Superintendent requires this report to be made in accordance with these blanks.

EXAMINATION OF A TRUST COMPANY.

ment should prove interesting and instructive, and doubly valuable if it will stimulate comparison with trust company and bank control elsewhere.

In the first place, incorporated under the General Banking Act, their organization and operation come solely within the control of the Superintendent of State Banking, exactly as do the organization and operation of the state banks, and in general the laws governing both are practically the same.

The loans and investments of each are similarly restricted as to character and amount; the stockholders of each are subject to a double liability for debts; each must carry the same percentage of legal reserve; each reports to the State Banking Department four times a year in response to a post-dated call from the Superintendent to set forth its financial condition; and each is examined, the trust companies twice a year, without previous notice, by the department itself. In the second place, there are safeguards applying to trust companies which do not apply to the banks, and one of these is compulsory investment of the entire amount of the capital in specified securities—United States Government bonds, bonds of certain cities, or mortgages on unincumbered real estate within the state not exceeding sixty per cent. of the value of the property. But in view of the lax examination and supervision elsewhere exercised, there is, perhaps, no more interesting legislative requirement exacted of the trust companies of this state than that which calls for semi-annual examination and detailed report of the results, by their own boards of directors. No words can speak so strongly for this admirable piece of legislation as the reproduction herewith in facsimile of portions of the voluminous forms issued by the Banking Department for this purpose; and to the close perusal of the Superintendent's instructions to the directors the attention of the public is urged.

Obviously, legislation alone and of itself will not secure the absolute safety of financial institutions, because in the final analysis it becomes, after all, a question of personal and individual integrity and ability, and no law has yet been framed that can make a dishonest man honest, nor supply incompetent men with the intelligence and judgment with which any successful business must be conducted; but sound banking laws, when wisely administered, and upright, honest and able men as directors and officers, will reduce to a negligible minimum serious results from thefts, breaches of trust and the various irregularities which in the past few years have brought so much censure upon the trust companies and banks in various centres, and shame to the banking community at large.

Knowledge of the legal safeguards surrounding trust companies in this state and of the watchful supervision exercised, and consideration of the kind of men by whom the companies are directed, in New York at least, will beget confidence and fully arm it against that irresponsible criticism directed against trust companies which is commonly expressed in vague generalizations and more often by comparison with the banks. At the same time such knowledge will provide progressive people of open mind with just the information they most desire in regard to trust company matters. In brief, the education of the public along these lines will be of benefit to the institutions themselves as well as to their clients.

State of New York
County of New York } ss.

Robert Goelet, Louis Stern and A. M. Hyatt

being duly sworn depose and say, and each for himself deposes and says, that he is a member of a committee duly appointed by the board of directors of the Lincoln Trust Company *for the purpose of making an examination of the affairs and condition of the said* Lincoln Trust Company *and that on the* 29th *day of* October *1906 he examined fully into the books, papers and affairs of the said* Company *of which he is a director, and particularly into the loans and discounts thereof, with a special view of ascertaining the value and security thereof and of the collateral security, if any, given in connection therewith, and that the foregoing annexed report of such examination shows the true condition of said* Lincoln Trust Company *as found on such examination, and is true to the best of his knowledge and belief.*

Severally subscribed and sworn to before me this 7th *day of* November *1906*

Jas. K. Clark
Notary Public Westchester Co.
Certificate filed in
New York Co.

Robert Goelet
Louis Stern
A. M. Hyatt

SWORN STATEMENT OF EXAMINATION BY DIRECTORS.

In the State of New York legislation has gone as far as it reasonably can for the present; the rest must lie with the officers and directors whose duties are so clearly defined. If they perform their sworn duties, it would seem well-nigh impossible for any ill to befall the trust companies that can not be easily remedied before it has become incurable. And since the only absolute safeguard against loss is, after all, personal integrity combined with ability, for neither examiners nor directors can reach men's hearts, the clients of the trust companies must consider not only the character of a trust company directorate as a whole, but the individual standing and responsibility of its members. Then they should be able at all times to transact business with these companies with the same confidence as they now transact business with the merchant with whom they have everyday dealings.

A final word: While in many respects the laws governing national banks have remained unchanged regardless of the development of the country and the changed conditions of trade, the laws governing trust companies have been altered and amended from time to time as the financial requirements of the community demanded, so that to-day, equipped with almost plenary powers, this class of institution is probably better able than any other to care for the needs of the community; and yet, while these powers have been amplified, the safeguards surrounding their use have been correspondingly increased."

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

NOTE HELD AS COLLATERAL—ENDORSEMENT OF NOTE —AMOUNT OF RECOVERY.

BANK OF MONTREAL VS. HOWARD, ET AL.

Supreme Court of Washington, Sept. 22, 1906.

In an action on a note held as collateral, the holder is entitled only to judgment for the amount of the debt, not for the full value of the note. Thus held the Supreme Court of Washington in the suit of the Bank of Montreal vs. Howard, et. al. The decision, giving the facts is in substance as follows:

DUNBAR, J.: Action upon a promissory note alleged to have been executed and delivered by the defendants Howard and Kincaid to the defendant Lawry, and indorsed by him to plaintiff. Howard and Kincaid answered jointly, admitting the signing of the note, but alleged as affirmative defenses want of consideration, duress, nondelivery, and that the note was held by the plaintiff merely as collateral security for the payment of a debt for $3,000 owing to it by Lawry. Lawry answered separately, but inasmuch as he has not appealed from the judgment his answer is not material. The case was tried to the court without a jury, and judgment was rendered in plaintiff's favor for the full amount of the note. Howard and Kincaid appealed.

There is not sufficient proof in the record to show the extension of time claimed by the appellants to have been made with reference to the escrow agreement, nor do we think that the lack of proof in that regard was obviated by the statement which was made by the counsel for the respondent in his opening address. The court found, and was justified by the testimony in such finding, that the note made by Howard and Kincaid was executed freely and voluntarily by both of them, and without duress, fear, or fraud being practiced upon either of them. It appears from the testimony that the bank, respondent here, was never notified by either of the appellants that any fraud in executing the note was charged, and when the time expired the appellants went to the bank and got the deed according to the agreement. The question of whether or not there was a technical delivery to Lawry of the note is not important. It was delivered to him under the agreement, and the appellants recognized that agreement and benefited by it by demanding and obtaining possession of the documents that they were entitled to under said agreement. We are not inclined to interfere with the ruling of the court in denying a continuance. It seems to us from the record in the case, which is comparatively short, that there is no defense to this action, either equitable or legal. There is one proposition, however, if we understand the record correctly, upon which the court erred, and that is as to the amount of the judgment. As we understand the proof in this case, there is no claim on the part of the respondent bank that it has any interest in this note sued upon, except such interest as it has in it as security for the loan of $3,000 made by it to Lawry, and when it subjects it to the use and purpose for which it was intended, viz., securing the debt of $3,000, its rights in the note terminate. It is not a party in interest beyond that amount, and there is no reason that we can conceive of why it should be entitled to a judgment for the remainder of the note.

The judgment will therefore have to be modified to that extent, and the court is instructed to reduce the judgment by the amount of $368, the excess of the note over the debt for which it was pledged as collateral. The appellants will be adjudged costs in this court.

LIABILITY OF INDORSER--PRESENTMENT FOR PAYMENT —NOTICE OF DISHONOR—WAIVER OF DEMAND AND NOTICE—DEMAND.

GALBRAITH VS. SHEPARD, ET AL.

Supreme Court of Washington, Sept. 15, 1906.

To hold an indorser of a note it is necessary that the note be presented at maturity to the maker, with a demand for payment; and notice of dishonor must be given to the indorser unless he has waived presentment, demand and notice. A holder of a note exercising the option to declare the same due for non-payment of interest must, to hold the indorser, make presentment and demand for payment, and give timely notice of its dishonor to the indorser. So holds the Supreme Court of Washington, in the case of Galbraith vs. Shepard, et al., the opinion being in part as follows:

HADLEY, J.: This is an action to recover upon two negotiable promissory notes. The note designated in the first cause of action was by its terms past due when the action was commenced, and the second cause of action alleges that the note described therein became due by reason of the failure to pay the interest when due, and by reason of the further fact that the holder exercised his option as provided in the note to declare the whole of the principal and interest due and collectible upon default in payment of interest. The makers and an indorser, O. P. Shepard, were made parties defendant. It is alleged that the first note was at maturity presented to the makers, and payment demanded, which was refused, and that due notice thereof was given to the indorser. As to the second note, it is alleged that all the defendants had due notice that the holder had exercised his option to declare the whole of both principal and interest due and collectible; but it is not alleged that any demand was made for payment and refused before suit was brought. The indorser, who was an accommodation indorser, put in issue the allegations as to demand and notice and interposed certain affirmative defenses which were excluded at the time of the trial. The cause was tried before a jury and resulted in a verdict for the indorser. Judgment was entered in his favor, and awarding him costs. The plaintiff has appealed.

There was no evidence at the trial in support of the allegation that the first note was at maturity presented to the makers with demand for payment followed by the notice to the indorser of its dishonor. This was necessary in order to charge respondent as indorser, unless he had waived such presentment, demand, and notice. There was no allegation in the complaint that there was such waiver, but the court admitted evidence upon that subject over respondent's objection. Within the above rule the testimony as to waiver was inadmissible under the complaint. But the error was in appellant's favor, and even under the evidence admitted, the jury determined the point against him. It is therefore unnecessary to discuss the assignments of error concerning the rejection of certain evidence bearing upon the question of waiver.

What is said as to the first note on the subject of waiver also applies to the second. As to that note there was neither allegation nor proof of presentment and demand or of waiver. Appellant contends that the bringing of the suit was sufficient demand, and also sufficient notice of election to declare the whole debt due for nonpayment of interest. He cites a number of decided cases which he claims support his contention. We have examined the decisions and find that they would be in point if the rights of the makers or parties primarily liable were involved. The rights involved here are, however, those of an indorser who was not the payee. All the cases cited, as we understand them, decide only that demand and notice are unnecessary where the rights of makers and all persons primarily liable or those of subsequent purchasers of mortgaged property are involved. Our attention has been directed to no case which holds that, when the note provides that the option to declare the whole debt due for nonpayment of interest may be exercised, it is unnecessary in such case to make demand and give timely notice of dishonor before suit in order to charge a mere indorser.

Our negotiable instruments statute seems to be specific and controlling upon this subject. Section 70, p. 353, Sess. Laws 1899, provides as follows: "Presentment for payment is not necessary in order to charge the person primarily liable on the instrument; but if the instrument is, by its terms, payable at a special place, and he is able and willing to pay it there at maturity, such ability and willingness are equivalent to a tender of payment upon his part. But, except as herein otherwise provided, presentment for payment is necessary in order to charge the drawer and indorsers." It is thus specifically declared by our statute that presentment for payment is not necessary in order to charge persons primarily liable; such being a mere declaration of the law as held in the decisions cited by appellant. It is, however, as specifically declared that presentment for payment is necessary in order to charge an indorser. Section 89 of the same statute (page 356, Laws 1899) also provides that, when a negotiable instrument has been dishonored by nonpayment, notice of such dishonor must be given to the indorser, and that in the absence of such notice he is discharged.

The court instructed the jury in accordance with our views as above stated.

We think there was no error, and the judgment is affirmed.

BANKRUPTCY—PREFERENCE OF A BANK—PAYMENT BY CHECK—RECOVERY OF PREFERENCE.

RIDGE AVENUE BANK VS. STUDHEIM.

Circuit Court of Appeals, Third Circuit, June 6, 1906.

If a bank received as a reference a payment on notes from a bankrupt while insolvent under such circumstances as afforded reasonable grounds for the belief that a preference was intended, it is not relieved from liability to refund the amount by the fact that the payment was made by a check on the debtor's deposit in the same bank, which, if it had remained until the debtor's bankruptcy, the bank might have retained as a set-off. So held the Circuit Court of Appeals, Third Circuit, in a decision handed down in the case of the trustee in bankruptcy of the Kensington Leather Company, under section 60 (b) of the Bankruptcy Act of July 1, 1898, to recover of the Ridge Avenue Bank an alleged preference as defined by section 60 (a) of the act. The District Court of the United States for the Eastern District of Pennsylvania entered judgment on a verdict for $1,414.20 against the bank, which took the case up to the Court of Appeals on a writ of error.

CROSS, DISTRICT JUDGE: The bankrupt was incorporated in the month of September, 1903, but did not commence active business until the following December. Its chief asset was a secret process for the manufacture of leather, which process was subsequently proved to have little or no value. On or about the 24th day of that month it borrowed from the Ridge Avenue Bank, the plaintiff in error, the sum of $3,000, and gave therefor its three months' note, secured by individual indorsements. This note matured on the 23rd of March, 1904. Payment of the same was then demanded, but the bank was told that the maker had no money to pay it, but that it had leather on hand which it wanted to sell. Contrary to the bank's custom, the note was thereupon renewed, without any payment on account, for a further period of three months. In the meantime, and prior to the maturity of the renewed note, the account of the bankrupt, kept with the plaintiff in error, was inactive and unsatisfactory to the bank, for the reason that no deposits of any consequence were made.

Before the renewal note matured, and on June 2, 1904, an officer of the leather company called at the bank, and while there was reminded by the cashier that the note had been renewed once, and that the bank would insist on a satisfactory setlement of it. At that time the bankrupt had $650 on deposit with the bank, and of that amount the representative of the leather company offered to pay $500 on account of the note. He was told that such payment would not be satisfactory, whereupon he informed the cashier that the company had some damaged leather on hand which it had been unable to sell, and asked the cashier if he could not sell it. A bill of sale for this leather was thereupon made to the cashier of the bank, and it was subsequently sold by him for $820 to a leather dealer who was a customer of the bank. The leather was paid for by the customer's note, and credited on the bankrupt's note. The total payments made on account of the note in cash and by the sale of the leather amounted to $1,320, and were made some time before the maturity of the note. When the note matured the latter part of June, a new note for one month was given for $1,680, being the balance remaining due on the note of March 23, 1904.

On July 9, 1904, a petition in involuntary bankruptcy was filed against the Kensington Leather Company, and it was adjudicated a bankrupt in the month of August following. Subsequently this suit was brought by the trustee to recover of the Ridge Avenue Bank said sum of $1,320, upon the grounds above referred to. A part only of the facts brought out in the testimony at the trial have been given, but sufficient to show the general situation of affairs between the plaintiff in error and the bankrupt at the time when the alleged preference was given.

Five assignments of error have been filed by the plaintiff in error, the first three of which, however, while appropriate to a motion for a new trial, cannot be considered here, and, indeed, were not insisted upon at the argument. Of the two argued and relied upon, the first relates to the refusal of the trial judge to give binding instructions to the jury in favor of the defendant. It is claimed under this assignment that the facts were insufficient to warrant the judge in leaving to the jury the question of whether or not the Ridge Avenue Bank, at the time it accepted the payment of $1,320, had reasonable cause to believe that it was intended thereby to give it a preference. The case is undoubtedly near the border line separating cases where there is evidence sufficient to warrant a jury in finding a preference and those where there is not sufficient evidence to warrant such finding, and it is quite possible that another jury might have found the facts in this case differently; but the question for our determination is not whether reasonable cause that a preference was intended existed, but whether there was any evidence of such reasonable cause as justified its submission to the jury. The ordinary rule that what would be the conduct of a prudent person under given circumstances is a question for the jury has some application in this case, and what would be reasonable cause to an ordinarily intelligent business man to believe that a preference was intended is a question with which a jury is supposed to be especially competent to deal. As a matter of fact, the evidence conclusively shows that the bankrupt was insolvent at the time the preference was made, and it could hardly be denied that the payment of the $1,320 was made under circumstances likely to excite suspicion of the bankrupt's insolvency. This alone, however, would be insufficient to charge the bank with accepting a preference. It must have had reasonable cause to believe at the time the payment was made that it was accepting a preference. The question of whether it did or not was a question of fact, and was properly submitted to the jury, and, inasmuch as there was evidence which in our opinion justified its submission, the finding of the jury cannot be reviewed upon writ of error.

But it is claimed on behalf of the bank that the $500 paid on account of its note from the bankrupt's deposit in the bank cannot in any event be considered a preference, or recovered back in this action, and that to this extent, at least, the judgment is erroneous. The position taken by the counsel of the bank is thus stated:

"The balance of a regular bank account is a debt due to the bankrupt from the bank, and, in the absence of collusion, the bank need not surrender such balance, but may set it off against notes of the bankrupt held by the bank"—citing section 68 (a) of the bankruptcy act. (30 Stat. 565 [U. S. Comp. St. 1901, p. 3450]).

The mere reading of this statement, however, shows its inapplicability to the case at bar. This is not the case of a deposit remaining to the credit of a bankrupt's estate at the time of the filing of the petition in bankruptcy, and which, under certain circumstances, and in the absence of collusion, might be the subject of set-off, but is rather that of a transfer to a bank of a portion of the bankrupt's estate by the bankrupt's own act prior to the bankruptcy, and which was accepted by the bank in partial payment of an unmatured claim, and concerning which transaction a jury has said that the bank had reasonable cause to believe at the time the payment was made that it was accepting a preference. It seems wholly unnecessary to add anything further upon this point. Under the circumstances disclosed, we are satisfied that the judge could not have done otherwise than submit the question to the jury. We conclude, therefore, that this assignment of error must fail.

The only other assignment remaining for consideration relates to the admission in evidence of an order of a referee confirming a sale of the bankrupt's property, which was made by a receiver in August, 1904. It was claimed on the argument that this order was hearsay evidence, and should not have been admitted. We think the order being one made by an officer of the court in the same bankruptcy proceeding as that in which the trial took place was competent evidence. Its value was for the consideration of the jury. Evidence had already been given showing that the assets of the bankrupt had not varied from the time when the alleged preferential payment was made to the time when the assets were sold by the receiver. The evidence of what they brought at the bankruptcy sale was certainly not of the highest probative force, but it was, perhaps, the best evidence at hand. The trial judge, in the exercise of a proper discretion, admitted it for what it was worth, and in doing so committed no error. Furthermore, the disparity between the price realized at the sale ($967.50) and the liabilities of the bankrupt ($8,551.71) was so great as to permit no other inference to be drawn than that the bankrupt was insolvent at the time of the alleged preference. We find no merit, therefore, in this exception.

The result is that the judgment below is affirmed.

CHECK — BONA-FIDE PURCHASER — DEPOSIT IN BANK — TITLE OF BANK.

FAYETTE NATIONAL BANK VS. SUMMERS.

Supreme Court of Appeals of Virginia, September 13, 1906.

The Supreme Court of Appeals of Virginia holds, in the case of Fayette National Bank vs. Summers, that where a bank passes a check to the credit of a depositor and mingles it with its general funds, it may permit the depositor, as a favor, to check against the deposit before the collection of the check, as the depositor in the event of non-payment is liable for the sums drawn; so that such deposit does not necessarily render the bank a bona-fide indorsee of the check for value. The action was on a check for $500 drawn on the Pulaski National Bank by Summers to the order of one Hughes. It was given to Hughes as the purchase price of a horse. Hughes indorsed the check to the Fayette bank, and when presented for payment it was duly protested. There was a defect in the horse which Summers discovered.

KEITH, *J.:* On the part of the bank it was shown that Hughes indorsed the check to the Fayette National Bank, which placed the proceeds to his credit; that upon receiving notice of the protest of the check, the bank, without the knowledge of Hughes, charged the check back to him. As soon as Hughes was made aware of this fact he protested against this being done, and insisted that there was no liability upon him with respect to the check, except as indorser upon it, and that the bank must proceed to make the money out of the drawer of the check. Thereupon the bank did as directed, credited Hughes with the amount of the check, and instituted this suit.

There is no evidence that the bank had any knowledge whatever of any equities or set-offs existing between Hughes and Summers when it in the first instance passed the amount of the check to the credit of Hughes.

Both plaintiff and defendant asked for instructions, all of which were refused by the court, which then proceeded to instruct the jury as follows:

"The court instructs the jury that if they shall believe from the evidence that the plaintiff bank received the check which is the * * * of this suit as a deposit to be treated as cash, and that such was the intention of the parties (Hughes and the bank) at the time the check was received and deposited, then title to said check passed to the bank at that time. But if the jury shall believe from the evidence that the parties intended that the bank should not receive said check as cash, but only as an agent for collection, then title to said check did not vest in the bank at the time of the deposit.

The court further tells the jury the question as to whether the parties intended the check when deposited to be treated as cash or merely for collection is one of fact for the jury under all the facts and circumstances proven in the case relating thereto and throwing light thereon.

If the jury shall believe from the evidence that the parties (Hughes and the bank), at the time the check was received and deposited, intended that the same should be treated as cash, then the plaintiff is entitled to recover in this action, unless they further believe from the evidence that, at the time of the deposit, the plaintiff had notice of the matters affecting Hughes' right to recover on said check, if any.

But if the jury shall believe from the evidence that the check was intended by the parties to be deposited merely for collection, then the plaintiff cannot claim to be a purchaser for value, and without notice of the matters affecting the consideration of the check; but if the jury shall believe that after said check was protested the bank purchased the check, it is entitled to recover whatever amount of said check, if any, the jury may find due after allowing any offsets, if any they may find due under the evidence, on account of the matters alleged in defendant's special plea."

We are of opinion that these instructions correctly apply the law to the facts of the case.

Checks deposited and credited do not become the property of the bank, even though the depositor has been allowed to check against the deposit before the paper is collected, and the depositor can recover the check or other paper. (Morse on Banks, [4th Ed.] § 586.)

In National Bank vs. Miller (77 Ala. 173) it is said: "When a check is deposited it is taken generally for collection by the bank as the agent of the depositor, and the bank does not owe the amount until its collection is accomplished. It may be that, if it is passed to the credit of the depositor, and mingled with the general funds of the bank, it is prima facie a payment of deposit; but the bank may permit, as a matter of favor and convenience, checks to be drawn against it before payment, the depositor in the event of nonpayment being responsible for the sums drawn—not by reason of his indorsement, the check not having ceased to be his property, but for money paid."

Conceding that there was a false representation upon which the defendant was entitled to a set-off against the check, it still appears that the horse was of considerable value for other than breeding purposes; in other words, that the damages sustained by reason of the false representation did not go to the full amount of the check, which represented the entire value of the horse. The defendant, Summers, admits that the horse was worth $125, and there was other evidence tending to prove that it was of even greater value. The verdict of the jury, which denied the right of the plaintiff to recover anything, ought to have been set aside by the trial court as contrary to the evidence.

For these reasons its judgment must be reversed, and a new trial awarded.

CONTRACT — COLLATERAL SECURITY — DISCOUNT OF NOTES—ASSIGNMENT OF ACCOUNTS FOR GOODS SOLD.

CITY BANK OF NEW HAVEN VS. WILSON, ET AL.

Supreme Court of Massachusetts, November 26, 1906.

With a view to secure notes that were discounted by a bank, a firm assigned to the latter accounts for goods sold to another concern, which, notwithstanding notice of the assignment and a request for payment on the accounts sent to it by the bank, paid the same to the seller, with the result that on the adjudication in bankruptcy of the latter, the bank sued the purchasers for payment of the accounts and was successful; the Supreme Court of Massachusetts holding that there was no such knowledge of or acquiescence, on the part of the bank, in the dealings of the firms, as to prevent it from objecting to payments by the purchasers to the sellers, either on the ground that it had constituted the sellers its agent to receive payments, or had misled the purchasers by its silence.

MORTON, J.: The plaintiff is a banking corporation of New Haven, Conn., and discounted from time to time notes of the E. S. Wheeler & Co., also of New Haven, taking as collateral security therefor assignments of accounts for goods sold by that company to the defendants. The E. S. Wheeler & Co. became bankrupt, and this is an action to recover the amount of five accounts assigned as aforesaid as security for loans for which the E. S. Wheeler & Co. was indebted to the plaintiff.

The defendants have paid the accounts to the E. S. Wheeler & Co. The court found for the plaintiff and the case is here on exceptions by the defendants to the refusal of the court to make certain findings of fact and give certain rulings of law that were requested.

The rulings of law that were requested were in substance almost if not quite identical with the findings of fact that were asked for, and the question is whether the conduct of the plaintiff, in view of what could have been found to be the course of dealing between the defendants and the E. S. Wheeler & Co. was such as to prevent the plaintiff from recovering of the defendants either on the ground of estoppel or implied agency, or both.

There was testimony tending to show that the defendants first began to purchase goods of the E. S. Wheeler & Co. in March, 1897, and continued to make purchases from time to time till August, 1903, and that during that time twenty-seven different purchases were made by them. As the purchases were made the accounts representing them were assigned by the E. S. Wheeler & Co. to the plaintiff by separate writings as security for loans made by the plaintiff to the E. S. Wheeler & Co. Upon receipt of each assignment the plaintiff sent to the defendants a notice that the account had been assigned to it and that payment must be made to it. Notwithstanding such assignments and notices the defendants, at the request of the E. S. Wheeler & Co., paid to it from time to time the accounts thus assigned, including those now in suit, and there was testimony on behalf of the defendants tending to show that it became the regular course of business for the E. S. Wheeler & Co. to receive payment of the accounts which had been assigned, and that in the majority of cases where payments were made to the E. S. Wheeler & Co. the loans for which the accounts had been assigned as security had not been paid when the account was paid. There were no notices or communications to or from the plaintiff to the defendants or the defendants to the plaintiff except the notices aforesaid, and no demand for payment except as contained in said notices, was made upon the defendants by the plaintiff till after the bankruptcy of the E. S. Wheeler & Co. The defendants were not authorized by the plaintiff to make payment to the E. S. Wheeler & Co., and the E. S. Wheeler & Co. had no authority, oral or written, express or implied, to receive payment, except so far as if at all might be inferred, from the course of business, and "except" as the president of the E. S. Wheeler & Co., whose deposition was taken by the defendants, said, "so far as an occasional oral reminder to hasten collections might have reference to some such matters." This reminder he subsequently stated in the course of his cross-examination, was "simply to the effect that the amount had not been paid and should be." There was an auditor's report in favor of the plaintiff, which was introduced in evidence, and the vice-president of the plaintiff corporation, to whom written interrogatories were filed by the defendants in answer to a question as to what knowledge he had that the accounts or any of them had been paid by the defendants direct to the E. S. Wheeler & Co. after they had been assigned to the plaintiff said, "I had no knowledge that any of these accounts had been paid by the defendants to the E. S. Wheeler & Co. direct after they had been assigned to the bank, save in such cases as occurred in some of our dealings with the Wheeler Co., wherein some debtors improperly sent checks to the Wheeler Co. and they indorsed them over to us." He also testified that complaint was made from time to time to the treasurer and assistant treasurer of the E. S. Wheeler & Co. that debtors did not remit directly to the plaintiff as they should do, though he was unable to say whether such complaint was made in regard to the defendants.

It is plain we think that the plaintiff did nothing and said nothing in the way of direct intercourse or communication between it and the defendants to warrant them in making payment to the E. S. Wheeler & Co. On the contrary, as often as an account was assigned to it by that company, it notified the defendants of that fact and that payment must be made to it. It had no other dealings or communications with the defendants. The defendants acted of their own motion and at the request of the E. S. Wheeler & Co. in making payment to the latter. They were not induced by anything which the plaintiff said or did to them to make such payments, and those elements of estoppel are, therefore, wanting. The defendants contend, however, that notwithstanding the notices which were thus sent, the plaintiff knew or had reasonable cause to know the course of business between them and the E. S. Wheeler & Co., and acquiesced in it, and thereby constituted the E. S. Wheeler & Co. its agents to receive payment of the bills that had been assigned to it, and are prevented from objecting to the payments made by the defendants.

The extent to which the plaintiff knew or had reasonable cause to know the course of business between the defendants and the E. S. Wheeler & Co., and therefore acquiesced in it, was a question of fact to be determined by the judge who heard the case. It is true that it did not appear that in a single instance was a payment made direct by the defendants to the plaintiff. But, in the opinion of the court, this may have been accounted for, in part at least, by the fact that some of the notes for which the bills were assigned as collateral were paid before the bills fell due, in which case the plaintiff would have no further interest in the collateral. Moreover the vice-president of the plaintiff corporation, who presumably had charge of or was familiar with the business of the bank, testified, as already observed, that he had no knowledge that any of the accounts had been paid direct to Wheeler & Co. after assignment to the bank, except that in some cases debtors improperly sent checks to the E. S. Wheeler & Co. and they indorsed them over to the bank. There was also evidence tending to show that complaint was made to the E. S. Wheeler & Co. by the plaintiff that remittances were not uniformly made to it by debtors as they should be. Still further there was an auditor's report in favor of the plaintiff, which was introduced in evidence. The court could therefore find and for aught that appears did find that even if the course of business was as contended by the defendants, there was no such knowledge of and acquiescence in it on the part of the plaintiff as to prevent it from objecting to the payments made by the defendants to the E. S. Wheeler & Co., either on the ground that it had thereby constituted the E. S. Wheeler & Co. its agents to receive payment or had misled the defendants by its silence. It follows that the findings and rulings that were asked for were rightly refused.

Exceptions overruled.

NEGOTIABLE NOTE—PURCHASE BY BANK BEFORE MATURITY—NOTICE OF PAYMENT.

SPENCER NATIONAL BANK VS. INMAN MILLS.

Supreme Court of South Carolina, April 7, 1906.

If a bank purchases a negotiable note for value before maturity, it is not charged with notice that the note has been renewed and paid to first payee because the renewal and payment passed through the bank, it being the bank in which the payee kept an account.

POPE, C. J.: This is an action for the recovery by the plaintiff of $1,000 of the defendant upon a negotiable note made by the defendant to the Slater Engine Company and by them transferred for value before maturity to the plaintiff. The trial came on before Judge Watts and a jury. After hearing the testimony on both sides the circuit judge directed a verdict for the plaintiff.

The following is a copy of the complaint: "The plaintiff alleges: (1) That the said defendant, Inman Mills, made its promissory note in writing, dated on the 13th day of May, 1903, at Inman, S. C., and thereby promised to pay to the order of the said the Slater Engine Company $1,000, four months after date, at First National Bank of Spartanburg, S. C. That thereafter and before maturity the said Frank Slater and George M. Faulkner, under their said firm name of the Slater Engine Company, indorsed the said note to the said plaintiff, for value, and the said plaintiff is now the legal and bona fide owner and holder thereof. That the cost of protest was $1. (2) That no part of said note or protest has been paid, although payment of the same has been duly demanded. Wherefore the said plaintiff demands judgment against the said defendant for the sum of $1,000, with interest thereon from the 15th day of September, 1903, together with $1, the cost and disbursement of this action."

The answer of the defendant was that the note was and is without consideration, and has never been and is not now a legal and binding obligation against this defendant, for that this defendant received no consideration whatever for the said note, and that the said Slater Engine Company used said note in a way and for a purpose never intended by this defendant, and defendant alleges that it has never owed, and does not now owe, any sum whatever thereof to the plaintiff or to any other party. Wherefore defendant demands judgment that the complaint be dismissed, with costs.

The testimony in this case consisted of, on the part of the plaintiff, the two witnesses of the plaintiff bank, to wit, the cashier and the assistant cashier, both of whom explicitly denied any knowledge or information in relation to any defect in the note sued on, on the part of the bank. On the contrary, those two witnesses testify that the plaintiff purchased said note for full value on the 16th day of May, 1903, and the said note matured four months after its date. There was one witness only on the part of the defendant, and he was the president and treasurer of the Inman Mills. His testimony denied any connection or correspondence with the plaintiff bank in regard to the note sued on. In other words, he gave no notice to the plaintiff until after the note fell due. This witness relied for the defense upon the fact that the Slater Engine Company had sold to it an engine for its mill in 1901, and the said defendant mill issued to the Slater Engine Company a note for $1,550, and also one for $1,200, which were from time to time renewed, but were finally fully paid, and that the renewals of those notes passed through the plaintiff bank, and from these circumstances it was contended by the defendant that the plaintiff bank should have inferred that the note sued on was without any value, except as a renewal of said former notes. But it will be seen that no notice was ascribed to the plaintiff bank, and so the circuit judge held that the testimony did not support any notice of a defect in the note here sued on.

It will be borne in mind that there was no affirmative defense in answer of the defendant in the way of a counterclaim or of an equitable assignment or subrogation. There was no testimony going to show any knowledge by the plaintiff of a defect in the engine sold by the Slater Engine Company to the defendant, Inman Mills. Therefore the circuit judge made no mistake when he held that there was no testimony going to show that the plaintiff was not a purchaser without notice for a valuable consideration of the note of the defendant for $1,000 sued for. Such being the case, it was the duty of the circuit judge to direct the verdict.

INSOLVENT BANK—DECLARATION OF DIVIDEND—LIABILITY OF DIRECTORS—CONSTRUCTION OF STATUTE.

CITY OF FRANKLIN VS. CALDWELL, ET AL.

Court of Appeals of Kentucky, October 12, 1906.

In construing a local statute the Court of Appeals of Kentucky, in the suit of City of Franklin vs. Caldwell, et al., held that where directors of a bank innocently declared a dividend while the bank was insolvent, they were not liable under section 548 of the statutes of 1903 for all existing and subsequent debts of the bank, but were only liable under section 598 for the amount of the dividend so declared.

The city sued to recover a deposit it had in the bank from the directors. It was conceded that the directors acted in good faith and with ordinary care and prudence in declaring a dividend at the time the bank was insolvent. They did not know the bank was in that condition.

A judgment for the plaintiff for less than the relief demanded was affirmed by the appellate court in a decision which in part follows:

Carroll, C.: The action of appellants is based on section 548 supra, and it is insisted for it that under this section the directors are liable not only for the amount of its deposits when the dividend was declared, but for the deposit thereafter placed in the bank; and that this liability attaches without reference to whether the directors knew the condition of the bank or not, as the word "knowingly" is omitted from this section, and their liability does not depend upon their knowledge of the condition of the bank, but results from the fact that they declared a dividend when the bank was insolvent. It is argued that although section 538, supra, provides "that banking corporations shall in addition to the provisions of this article, which are not inconsistent with the laws relating especially to them, be subject to the provisions of such laws," that section 598 of article 2, fixing the liability of the directors in the event they knowingly declare a dividend when the bank is insolvent, or without deducting bad or suspended debts, is not inconsistent with section 548, and therefore section 548 controls and fixes the liability of the directors in this case. Counsel say it was not contemplated by the Legislature that the directors of a bank should be subjected to less liability than the directors of ordinary business corporations; but that, on the contrary, they should be held to a stricter accountability, because of the opportunity afforded them to misappropriate the money of the depositors by declaring dividends payable to them and other stockholders out of the funds of the bank.

For appellees it is said, that their liability is fixed by the provisions of the article relating to banks, and section 598 thereof, and that under this section the directors are not liable at all unless they "knowingly" declare a dividend in violation of section 596; and that, if they should declare a dividend in violation of this section, they are only liable for any loss or damage resulting from such violation; and that it being conceded by the agreed state of facts that the directors did not know the condition of the bank, they are not liable to the creditors in any sum. Previous to the enactment in 1893 of the chapter on private corporations, there was no general law regulating the liability of directors or officers of banks or other corporations, and it was held in Brannin vs. Loving, 82 Ky. 370, 1884, that bank directors were only required to exercise the same care that an ordinarily prudent man would in his own business of like character, and were only personally liable when they failed to exercise this degree of care, or were guilty of gross neglect. So that, previous to the enactment of these statutes, directors of banks were only liable when they failed to exercise such care and diligence in the management and conduct of its affairs as ordinarily prudent men would have exercised.

In the management of corporations, and especially banks, it is important in the interests of both stockholders and depositors and all persons having business with the bank, or corporation, that the directors shall be good business men, solvent and responsible; and, generally speaking. the directors of corporations are composed of this class of our citizenship. In the management of small corporations, and especially small banking institutions, the directors are rarely either bookkeepers or accountants, and have little knowledge of the bookkeeping methods employed in these institutions. More frequently than otherwise, they do not receive a compensation for their services, or devote much of their time to the affairs of the corporation, leaving the management of its details to the cashier and other salaried officers who are directly charged with the conduct of its business. When the directors, as in this case, select as they believe honest, faithful, and capable cashiers and clerks, they are obliged to rely largely upon the statements of these employes as to the condition and standing of the bank, and must trust to them the active management of its affairs. Whilst directors of banks and other corporations who voluntarily assume the duty of looking after the interests of the concern should be held to a reasonable accountability for the acts of the persons whom they employ, and have the right to discharge at any time, their liability should not be so burdensome as to prevent solvent and capable men from accepting these positions of trust. Directors of corporations give credit and character to the institution with which they are connected by reason of the fact that the public have confidence in their integrity and business qualifications, and when they accept these positions of trust, and hold themselves out as having charge of the affairs of the corporation, whether it be a bank or not, fairness to those dealing with the corporation demands that the directors should be held responsible for the direct loss that results from declaring dividends prohibited by the statute. A less measure of liability than this would be unjust to the creditors and depositors, and a greater degree would result in depriving corporations, and especially banks, of the services of solvent and upright directors.

There is no reason why directors of banks should be held to a less accountability than the directors of other corporations; but if section 598 is construed to meet the views of counsel for appellee, bank directors would be virtually exempt from liability, however careless they might be in the management of the affairs of the bank. The directors of banks are the only persons who can declare dividends, and section 596 before quoted provides when they may declare dividends; and if in violation of this statute a dividend is declared, the directors will not be permitted to shield themselves from liability upon the ground that they did not knowingly violate its provisions. It is the duty of bank directors to use ordinary care to acquaint themselves with the condition of the business of the bank, and to exercise reasonable control and supervision of its officers. That which they ought, by proper diligence, to have known, they will be presumed to have known in a contest between the corporation and those who do business with it, and have the right to believe that its directors have exercised ordinary care and prudence in the management of its affairs.

The judgment of the lower court conforms to these views, and is affirmed.

CHECKS—APPROPRIATION OF BANK DEPOSIT—GARNISHMENT—NEGOTIABILITY OF CHECKS.

BOSWELL VS. CITIZENS' SAVINGS BANK.

Court of Appeals of Kentucky, October 11, 1906.

Interesting questions of law relating to checks and the effect of attachment or garnishment thereof were passed upon by the Court of Appeals of Kentucky in the suit of Boswell vs. Citizens' Savings Bank. The court held that as between the holder of a check for value in due course and one asserting a junior lien on the drawer's bank deposit, the check operated as a pro tanto appropriation of the deposit prior to the change in the law by the Negotiable Instruments Law; that checks are negotiable instruments both at common law and under the express provisions of the Negotiable Instruments Act; that debts evidenced by bank checks are not subject to garnishment if the check is actually discounted for value in due course by an innocent purchaser, although it may not be discounted until after service of the writ; that if a check were drawn merely to transfer an amount thereof to the drawer's account in a different bank, it did not operate as a pro tanto appropriation of the drawer's account in the drawee bank as against a garnishing creditor of the drawer prior to actual payment by the drawee bank, though the bank prior to the payment had notified the payee bank that the check would be paid on presentation. Following is the opinion of the court:

The questions of law presented by this appeal are: (1) Whether a check drawn against a deposit in bank before an attachment or garnishment served upon the bank, takes precedence of the attachment, although the check may not be presented to the bank for payment till after the service of the attachment. (2) Whether a certified check places the deposit beyond garnishment process, although it may not have gone into the hands of another holder for value in the usual course of business. (3) Whether the service of the attachment holds funds deposited with the garnishee after the service, but before answer. (4) Whether the garnishee must look to the record of the attachment suit to see whose funds are attached, or whether it may look alone to the garnishment process and ignore the proceedings in court.

It will be observed that the first two propositions submitted arise under the law merchant, and the latter two under the practice in this state concerning attachment proceedings. Whether a check drawn by a depositor against his credit on deposit with his banker is pro tanto an appropriation of the sum owing him by the bank may be treated, under the facts in this case, as settled in this state in the affirmative, although we note that such is not always held to be the common law, and such is not now, by statute enacted since this case was made up (section 189 of "An act relating to negotiable instruments," approved March 24, 1904 [Acts 1904, p. 250]), the law in Kentucky. But the doctrine stated was applied always in this state to cases where there was a contest between a holder of such check for value in due course, and one asserting a junior lien upon the fund. Where that was not the case, the court has indicated that the rule did not apply.

So the two propositions are reduced to one, which is whether a check drawn against the deposit is an appropriation pro tanto as of its date when the check had not passed into the hands of a holder for value in due course. Checks are, by statute, as they were at common law, bills of exchange, and negotiable instruments. Section 478, Ky. St. 1903. Debts evidenced by such instruments are not subject to garnishment if the negotiable bill or check is actually discounted for value in due course by an innocent purchaser, although it may not be discounted until after service of the attachment. The trial court so ruled the law.

But the inquiry here necessarily goes to the point of determining whether the check was sold or discounted to another for value in due course. We do not deem the fact material whether the check was certified. Manifestly the certification of the depositor's check did not alter the bank's relation as his debtor, further than that notice was thereby given that the drawer intended to assign the fund and the bank's assent to it so that any subsequent purchaser might take it with the bank's assurance that it would be paid when presented. It might be said it was equivalent to an accepted bill of exchange where both drawer and acceptor had become bound to the holder. But so long as the check remained in the hands of the depositor there was no enhancement of the bank's liability to him. It still owed him the same amount of money, which it would pay to him upon the presentation of that check. Not until the check had passed into the possession of a purchaser for value in due course would the bank's liability to its depositor be changed or relieved.

If, for example, the check had been stolen from the depositor and his indorsement forged upon it and then it had been sold to a stranger for value, the bank would not have been released from its original liability to the depositor. So long as the property in the check continued in the depositor he had the right to collect the money on it from the bank, and, for that reason, his creditors had the right to attach it for a liability of his. The depositor could not, by merely taking a certified check payable to himself, or his order, remove the fund from the effect of the attachment process, yet leave the fund where it was. If the depositor made the check payable to his clerk, or agent, to enable the latter to draw the money on it so that the cash might be handed over to the depositor, that would not alter the relation of the bank and the depositor; for the fund would still belong to the depositor. When the depositor drew his check in favor of another bank, which was also his depository, and delivered it to the latter for credit on his account, so far the transaction was in nowise changed from its character as a debt owing by the first bank to the depositor, until the former had actually paid it. That the check had been certified in that transaction counted for nothing. The second bank, by crediting the check to the open account of its customer, the drawer of the check, it is true, took the title to the fund it represented. But there was this implied contract between them concerning it: If, for any reason other than the negligence of the latter bank, the check was not honored, the drawer would repay to the latter bank the amount so credited to him. In fact, in this case that was the express agreement between the parties, with the addition that the latter bank would charge the item back to the depositor's account to offset the credit.

The real transaction here amounted to this: The Odell Company had $6,000 in appellee bank at Paducah. Desiring to have it brought to its depository in Cincinnati, it drew its check for $6,000 on the Paducah bank, payable to its Cincinnati banker, the latter thereby undertaking to collect it for its depositor and giving him credit in anticipation of its collection, but to be revoked if the collection miscarried. The Cincinnati bank parted with nothing. Its actual position was not changed. The fact that Odell Company might have checked against the credit in the Cincinnati bank, but did not, does not alter the case. It was not a sale of the check to the Cincinnati bank. There was not a discounting of it. When the Cincinnati bank got the money, or the New York exchange, which would have been the same when accepted, then it would have assumed a new relation to the Odell Company with reference to the deposit, for it would then have become an unconditional, instead of a conditional deposit, and the Cincinnati bank would have been compelled to pay the checks of the depositor against it, because it had actually received the depositor's money. Until the money was received, or until the money had been checked against and paid out, the Cincinnati bank had parted with nothing.

Its condition was not different from what it would have been if it had agreed to buy the check and to pay $6,000 for it, payable when the check was actually collected, credit being given, though, on the books of the bank to show the transaction, but before any payment was made the check was not paid by the drawee for any reason. The Cincinnati bank, though a purchaser, was not, in the eye of the law, a purchaser for value in due course. That term implies an irrevocable contract of purchase by which title passes, and an adequate consideration then parted with, so that, unless the purchaser gets what he has bought, he would sustain actual loss. The question, whether the Cincinnati bank was such a purchaser for value on the undisputed facts, was one of law. The court erred in the instructions in submitting it to be found by the jury.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

LIABILITY OF DIRECTOR OF BANK—OVERDRAFTS OF CUSTOMERS IMPROPERLY ALLOWED BY CASHIER OF BANK—FAILURE TO DETECT ERRORS IN AUDITED ACCOUNTS—ALLEGED NEGLIGENCE.

PREFONTAINE VS. GRENIER (1907 Appeal Cases, page 101).

The facts and particulars of this case were given in a recent number of THE BANKERS' MAGAZINE, where a judgment of the Court of King's Bench for Quebec was given. In view of the fact that in the last six months two presidents of chartered banks in Canada have been proceeded against in the criminal courts under the Bank Act, in respect of alleged breach of their duty as president, one being convicted and the other acquitted, it is of interest to have this final pronouncement of the Privy Council upon certain aspects of the duties of a president of a chartered bank. The case was argued before the full committee, consisting of Lord Macnaghten, Lord Dunedin, Lord Atkinson, Sir Arthur Wilson, Sir Henri Elzear Taschereau, and Sir Alfred Wills.

JUDGMENT: The judgment of their Lordships was delivered by Sir Arthur Wilson. Omitting entirely his review of the facts and judgment upon one breach of the case he speaks as follows:

The second branch of the plaintiff's case is based on alleged negligence on the part of the defendant in the discharge of his functions as president of the bank. It has been already stated that the collapse of the bank was due to overdrafts, which the cashier had irregularly and improperly allowed to certain customers. The main ground upon which the defendant was charged with negligence was that he had not exercised such a control over the details of the bank's business as to enable him to detect and put a stop to the irregular practices of the cashier.

Before examining the question of his liability, it may be well to notice that the cashier was the principal executive officer of the bank under the directors. There is nothing to show that either the defendant or his brother directors had any reason to suspect or distrust that officer. The accounts periodically submitted to the directors were prepared by him, or under his direction.

The alleged duty of the defendant was based, first, upon the fact that he was president of the bank, and, secondly, that he received a salary for acting in that capacity. Reliance was further placed upon the resolution already cited of May 6, 1889.

In this country questions as to the nature and extent of the duty and responsibility of directors and others, in respect of the conduct of the affairs of companies, have been frequently under consideration. Attempts have repeatedly been made to render them personally liable, on the ground that they have trusted the regular authorised officers of the company; that they have failed to detect, and been misled by, misrepresentation or concealment by such officers, when there was no reason for doubting their fidelity. But such attempts have not been successful. It is sufficient to refer to the case of Dorey vs. Cory (1), in which the subject was fully considered by the House of Lords.

Their Lordships think that in the absence of any legislation in force in Quebec inconsistent with the law as acted upon in England, and in the absence of any evidence of custom and course of business to the contrary, the Court of King's Bench was right in accepting the English rulings, because they were based, not upon any special rule of English law, nor upon any circumstances of a local character, but upon the broadest considerations of the nature of the position and the exigencies of business.

The fact that the defendant was remunerated for his services as president does not seem to their Lordships to strengthen the case against him. Indeed, the modest scale of his remuneration is scarcely consistent with the idea that he, a man of considerable position, and with a business of his own, was ever expected to give his time and labor to the detailed control of the work of the bank. It is much more consistent with the idea that he was expected to do what he did, that is to say, to devote some two hours a day to the business of the bank, two hours largely taken up by official interviews.

The grounds put forward by the plaintiff as supporting the general allegation of the defendant's liability appear to their Lordships insufficient to do so. And, further, the Court of King's Bench was, in their Lordships' opinion, right in laying stress upon the fact that the accounts laid before the defendant and his co-directors, in which it is said that the defendant ought to have detected what was concealed, had been audited by a wholly independent body of auditors, and certified by them as correct, and there is nothing shown which should have led the defendant to doubt the sufficiency of the audit.

A special charge of negligence was pressed against the defendant in the argument of the appeal, based upon the evidence of M. Gagnon. who held the post of inspector under the bank.

There is nothing in the evidence to show the terms of his appointment, and no formal definition of the extent of his duties. The defendant said in his evidence that Gagnon's duties were limited to the inspection of branches and agencies outside the City of Montreal. On one occasion Gagnon was specially employed to examine into a matter in the head office. He says he was dissatisfied with what he found, and that he pressed upon the defendant that he, Gagnon, should be empowered to make a completer inspection. He says that his suggestion was not very well received, that the defendant rejected the idea that the inspector should be put to supervise the work of the head official of the bank.

It was contended that the omission to authorize the suggested inspection was an act of negligence on the part of the defendant, and that if the suggested inspection had been carried out the overdrafts which led to the fall of the bank would, or might have been, brought to light. Their Lordships are not prepared to say that there was negligence in omitting to sanction an inspection inconsistent with the ordinary method of conducting the affairs of the bank, nor has it been shown that there was any direct connection between the matters excepted to by Gagnon and the fatal overdrafts.

Their Lordships agree with the Court of King's Bench that the charge of negligence has not been established in fact. It is therefore unnecessary to consider (what might have been a difficult question of law) whether the obligation of the defendant, which, whatever its nature and extent, was primarily a contractual obligation, could be made the ground of an action by an individual member of the corporation, as distinguished from the bank in its entirety, and from the smaller body, the directors or members of the corporation.

Their Lordships humbly advise His Majesty that the appeal should be dismissed.

PROMISSORY NOTE—FRAUDULENT CONSIDERATION—FRAUDULENT PREFERENCE TO CREDITOR OF INSOLVENT DEBTOR.

EVANS AND SONS, LIMITED, VS. TRACEY.

(Quebec Reports 29 Superior Court, page 97.)

Statement of facts: This is an appeal from the Judgment of Lavergne, J., condemning the defendants to pay the amount sued for. The action was on a promissory note for $450 made by Mrs. Tracey and endorsed by her husband. Both defendants plead that the note sued on was void, as being given in pursuance of an illegal agreement between the male defendant and the plaintiff for the purposes of procuring to the latter the fraudulent preferential payment in excess of the amount paid for the purchase by the male defendant, who was insolvent and had made an abandonment for the benefit of his creditors of the assets of his estate.

JUDGMENT: (LORANGER, DOHERTY AND ROBIDOUX, *J. J.*): The transaction was in the eye of the law a palpable fraud and the plaintiffs' present action is to recover the gains of that palpable fraud. If the plaintiffs collect the note now sued on, they recover an amount out of the realization of the assets of their insolvent debtor, over and above what the other creditors get, and so collect it either as the price of their agent, Moffatt's, assent as inspector to the insolvent's getting both, in his wife's name, the assets of his estate, at a price to the creditors generally much less than those assets were worth, and less by $450 than the price actually paid, or as the plaintiff's profit on the immediate resale by them of the assets of their insolvent debtor, purchased on their behalf by their agent, Moffatt, who, in his capacity of inspector, voted to sell to himself as the plaintiff's agent, the assets at a price $450 less than he had at the time he so voted, and before he procured the assent of his co-inspector, arranged to resell them for.

It seems to me it would be superfluous to give reasons why the court should not maintain such a demand. That demand, based on this note, is not one resting on a contract annullable because made with intent to defraud, but on an illicit contract, and a contract with an immoral and illegal consideration.

The principle of law involved is expressed by Sir Henry Strong, C. J., in the Supreme Court as follows:

"Where the law carefully provides for the equal distribution of assets amongst creditors, any arrangement concealed from the general body of creditors whereby the policy of the law is defeated and a particular creditor, having no legal right to preference or priority, is secured an advantage over the other creditors, must, under every system of law, be void as a fraud on those to whom another is so preferred in the distribution of assets. All the grounds of fairness, common honesty and public policy which have led to the establishment of the principle by the English courts that such an agreement cannot stand, are equally applicable under the Quebec code. * * * For these reasons the promissory note sued on must be considered as wholly void as having been given in furtherance of a fraudulent and corrupt agreement, and the judgment recovered on it cannot stand."

To decide otherwise would be to subvert all those principles of equality in the payment of creditors which the articles of the code providing for abandonment were destined to secure. In that case the device resorted to was a sale to the party purchasing the assets of the claim of the creditor sought to be preferred, and the note sued on was given for the price of such sale. Here the result is reached by a different device, but the result sought to be attained is the same, and the principle applied in that case is equally applicable to this.

PROMISSORY NOTES—RIGHTS OF HOLDER—KNOWLEDGE OF FRAUD IN OBTAINING NOTE.

GUIMOND VS. BATALON.

(Quebec Reports, 29 Superior Court, page 8.)

JUDGMENT: The holder of a note who, at the time of its transfer to him by the payee, had actual knowledge that it was originally obtained by false representations and without consideration, cannot recover the amount of the note from the maker.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

DRAFT—PLACE OF PRESENTMENT.

JACKSONVILLE, FLA., Feb. 8, 1907.

Editor Bankers' Magazine:

SIR: (1) The following is a copy of a draft which was handled by this bank (excepting the names, which are fictitious), and we would like to know if there are any decisions which would make it definite as to the legal place of presentation and payment.

Jacksonville, Fla., Feb. 8, 1907.

..................At sight....................Pay to the order of
John Brown & Co., ...$1,000
One thousand ....Dollars,
and charge same to account of
To William Smith & Co.
Savannah, Ga.
Payable at Philadelphia National Bank,
Philadelphia, Pa.

William Smith & Co.
by John Jones.

This bank has taken the stand that drafts drawn in this manner would properly be presented in Philadelphia, but there seems to be some difference of opinion along this line. THOS. P. DENHAM, *Cashier.*

Answer.—The Negotiable Instruments Law provides: "Presentment for payment is made at the proper place: (1) Where a place of payment is specified in the instrument and it is there presented." (Laws of Florida, 1897, ch. 4524, sec. 73.) This is merely declaratory of the rule of the law merchant. In Bott vs. Franklin (3 Johns. [N. Y.] 307), the bill was drawn on Rathbone, Hughes & Duncan of Liverpool, payable in London. It was presented to the drawees at Liverpool for acceptance and acceptance was refused. It was then protested at London for non-payment. Kent, Ch. J. said: "No place in London being pointed out to which the holders might resort, and the drawees residing at Liverpool, an attempt to search for them in such a city as London would have been without any object or effect. Nor were the holders bound to go elsewhere to seek the drawees, as the bill had directed the payment to be in London." (See also Cox vs. National Bank, 100 U. S. 704, 716.) The draft mentioned in the inquiry, therefore, should be presented for payment at the Philadelphia National Bank. But the Negotiable Instruments Law further provides that "Presentment for acceptance must be made * * * where the bill is drawn payable elsewhere than at the residence or place of business of the drawee (sec. 162), and hence in this case, the draft should be presented for acceptance at Savannah before it is presented for payment at Philadelphia.

CHECKS—INSUFFICIENT FUNDS.

ATCHISON, Kansas, Feb. 16, 1907.

Editor Bankers' Magazine:

SIR: A has a balance of $825.60, and on Tuesday morning we receive through the same mail from two different banks five checks of A's, which are for $250, $225, $175, $145 and $100. Should we return all of these checks, or should we pay all but the $100 check, and return one alone, or should we pay the checks in the order of their dates?

ASSISTANT CASHIER.

Answer.—It has sometimes been said that if a bank cannot pay all the checks of a depositor presented at one time, it has no power to select from among them certain ones which it will honor, and certain ones which it will dishonor, and that, therefore, it must pay none of them. (Morse on Banks and Banking, 2nd Ed. 456.) But that rule never prevailed in any state where it was held, as in New York, that the drawing and delivery of a check conferred no right on the holder to sue the bank, which rule is now embodied in the Negotiable Instruments Law, and prevails wherever that act has been adopted. The question is between the bank and the depositor only, and he is the only one who can hold it to account. But he would not be heard to complain that the bank should have made a different selection of checks to be paid; for the fault was his in drawing for more than he had on deposit. On the other hand, he might have a good cause of action against the bank for wrongfully refusing to pay his checks up to the amount of his balance. The proper course, therefore, in the case stated in the inquiry, would be to pay all the checks except the one for $100 and return that.

PAYMENT OF CHECK ON HOLIDAY—STOP-PAYMENT ORDER.

ASHEVILLE, N. C., Feb. 25, 1907.

Editor Bankers' Magazine:

SIR: Please answer in your highly-valued columns, the following: If it is risky to cash a check after business hours, on account of the stop-payment right, is there any risk in a bank opening its doors for business on a holiday; that is, both a state and national one? If the drawer of a check comes in on opening of doors, the day following the holiday, to stop payment on a check that was paid on the preceding day, he assuming that bank was closed, is his order too late? CASHIER.

Answer.—A check is a bill of exchange payable on demand (Negotiable Instruments Law [N. C.] sec. 185); and the right of the drawer to stop payment thereof is nothing more than the right which every drawer of a draft or bill has to revoke the authority of the drawee to pay the same before the latter has incurred any liability with respect thereto. We do not see, therefore, why the bank should stand, in this respect, in a different situation from any other drawee. Where a draft is drawn upon a merchant, he cannot be required to pay it "except at a reasonable hour on a business day" (id. sec. 72); but if he should see fit to pay it on a holiday, or late at night on a business day, the drawer would have no right to complain. And we think the same rule is applicable where a bank pays a check after banking hours or on a holiday.

RECEIPT—DELIVERY OF BONDS.

BUTLER, Pa., Feb. 21, 1907.

Editor Bankers' Magazine:

SIR: Taking advantage of your kind offer, I wish to submit the enclosed vouchers, and hope to receive the opinion of your banking law department as to whether, under all circumstances, the parties signing the receipts would be responsible for the delivery or payment of, on demand, the securities mentioned in said receipts or the value thereof.

J. V. RITTS.

Pittsburg, October 10, 1906.

PITTSBURG TRUST COMPANY, No. 323 Fourth Avenue.

RECEIVED of Butler County National Bank $50,000.00 par value Butler Passenger Railway Co. 1st Mtg. 5% bonds, to be delivered to them upon return of this receipt.

$50,000.00 PITTSBURG TRUST COMPANY,

Nos. 255-304 both inclusive. By D. Gregg McKee, Asst. Treas.

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SECOND NATIONAL BANK OF PITTSBURG.

Pittsburg, Pa., January 22, 1907.

J. V. RITTS, Esq., Vice-President, Butler County National Bank, Butler, Pa.

Dear Sir:—We have received and hold for your account, securities as follows: 78 Bonds Tri-State Gas Co., Nos. 29 to 46 inclusive and 190 to 249 inclusive, for $1,000.00 each.

Yours very truly, T. W. WELSH, Jr., Vice-President.

Answer.—The receipts appear to be quite sufficient. They acknowledge the receipt of the securities, and the rights of the depositor therein and thereto. The first form is probably the preferable one, because it contains an express stipulation to deliver the bonds to the depositor upon return of the receipt. But this would be the legal import of the statement in the second form, "and hold for your account." In either case the depositary would be required to deliver the securities upon demand, and for failure to do so would be liable for their value.

DRAFT—PLACE OF DEMAND.

ASHEVILLE, N. C., Jan, 29, 1907.

Editor Bankers' Magazine:

SIR: A demand and protestable draft comes to us worded as follows: "To John Smith & Company, Acton, N. C., care Battery Park Bank, Asheville, N. C." As Acton is an inaccessible country town, we claim that a demand on the Battery Park Bank is all that is required of us. If John Smith & Company are in Asheville, would not a demand at Battery Park Bank be a good and sufficient one? Are we not correct in our position?

CASHIER.

Answer.—The language of this draft has no settled meaning according to any mercantile usage, and it is so ambiguous that in a litigation involving the question of the proper place of presentment the court would probably receive evidence of the surrounding circumstances in order to determine what the parties intended. (Cox vs. National Bank, 100 U. S. 713; Brent's Exr. vs. Bank of the Metropolis, 1 Peters [U. S.] 92.) The drawers may have meant that presentment should be made at the Battery Park Bank in Asheville, or they may have meant that the presentment was to be made in Acton, but through that bank. For example, the Battery Park Bank may have had special facilities for making collections in Acton, and the drawers, knowing the fact, may have intended to indicate that that bank would transmit the draft. Upon the face of the instrument alone, it is impossible to determine with certainty the proper place of presentment. In fact, the address seems to be a flat contradiction in terms.

PROFITS ON CIRCULATION AND PUBLIC DEPOSITS.

INFORMATION having been asked for by Mr. J. F. Lake of Shenandoah, Iowa, as to the net profits on national bank circulation, at the different prices of bonds, also the profit on Government deposits at certain prevailing interest rates, Messrs. Fisk & Robinson, of New York city, to whom the inquiry was referred, reply as follows:

"Referring to your request of the 21st ult. for information concerning the profits to be received from national bank circulation and Government deposits, we enclose a statement showing increased income received from Government bonds when used to secure circulation or public deposits. By the term 'increased income', we mean the comparative profit derived from investment in bonds to secure circulation or deposits, as compared with the income to be received by loaning the amount invested in the open money market. In computing these figures, we have considered the money rate to be five per cent. which we consider a fair rate at the present time."

Profit Received From Government Bonds Used To Secure Circulation Or Public Deposits, Over And Above The Income To Be Received By Loaning The Cost Of Bonds.

Based on $100,000 bonds. Money at 5 per cent.

	Circulation.	Incr'sed income, Pub. deposits.
U. S. Reg. 2's, 1930, at 105¼ ex April int.	1007	1607
U. S. Reg. Panama 2's, 1916-36, at 105⅛ flat (Assuming maturity August 1, 1936)	1039	1639
U. S. Reg. 3's, 1908-18, at 103½ flat	*534	566
U. S. Reg. 4's, 1907, at 101 ex April int.	*1153	*53
U. S. Reg. 4's, 1925, at 129¾ flat	375	1475

As of March 1, 1907.

* Decreased income. The results for the 4's of 1907 are given at the rate of per annum, although the bonds mature July 1 next.

THE EXTENSION OF AMERICAN BANKING INTERESTS.

THE necessity for the extension of American banking interests which will be required if avenues of American trade are extended was a part of the address delivered on February 9, before the Baltimore Chapter of the American Institute of Bank Clerks by Mr. Charles A. Conant, formerly a member of the Commission on International Exchange and the author of "The Principles of Money and Banking."

Mr. Conant spoke of the extension of our political influence and our trade opportunities as causing a revolution in banking methods. The merchants and manufacturers of the United States, he said, were rapidly conquering the markets of Cuba, the Philippines and Mexico and were sharing in the increased trade of China, Japan and Latin America. In order to obtain the best results in these fields, however, it is necessary to employ methods of banking and credit as efficient and acceptable as those employed by our foreign rivals. This was especially true in regard to foreign exchange and the character and length of credits extended in countries which had not yet accumulated a large stock of capital.

Thus far the education of American bankers in this respect has been neglected. There were few experts in foreign exchange outside the foreign banking houses. The International Banking Corporation which had been the pioneer of American interests in the Orient and in Panama, had been compelled to carry on its work very largely at the outset with English bankers trained in the Orient. If such institutions were to be equipped with American managers and clerks, it must be through the efforts of just such institutions as the Institute of Bank Clerks. They must have the co-operation of American capitalists. In all the Oriental and Southern countries foreign bankers were strongly intrenched. The English colonial and foreign banks, mostly having headquarters at London, had a capital in excess of $300,000,000 and were able to rely upon the fixed deposits of English and Scotch investors for making loans and supporting important enterprises abroad. The Russo-Chinese Bank was seeking to establish a footing for Russian interests in the East with the unconcealed support of the Russian Government. In Germany the chief joint stock banks all set an example of harmony to American bankers by combining to form the German-Asiatic Bank, while French capital had long maintained in its Eastern possessions the Bank of Indo-China.

New York, the speaker declared, could not become an international market until she possessed bankers educated in every branch of the profession. She needed the adoption by her bankers of an enlightened policy in the future organization of the money market in a way to avoid the disturbances of recent years. To this end there should be a proper currency system, the introduction of the practice of acceptances, and co-operation to prevent rates for money which were extravagant and fluctuated wildly. To accomplish these things, and place the United States upon a sound footing in their competition with foreign bankers and capitalists, it was necessary to study theory as well as practice. The man who could master both and apply them in their proper relations would be the banker who would dominate the future.

SAVINGS BANKS

SAVINGS BANK INSURANCE.

BY J. H. GRIFFITH.

IN conversation with the president of one of the old line life insurance companies, he said that there was no objection to savings banks collecting the premiums on life insurance policies, but that they should not introduce the element of chance which is such an important matter with ordinary life insurance. For example, it would not be good business for a savings bank to pay out a thousand dollars to the beneficiary of a man or a woman who had perhaps paid less than one hundred dollars in premiums. If, however, the policy was issued by a regular life insurance company and the premiums collected by the savings bank, there would be no objection to the system. The "risk" or "chance," i. e., "the expectation of life" being taken by the insurance company.

In one sense every savings bank account is a form of insurance against want later in life; or for the benefit of the depositors' wife, children, or other beneficiaries. It is insurance without the element of risk, i. e., uncertainty as to how long the insured will survive. It is not a case where "one has to die to win," since the deposits plus the interest may always be withdrawn when needed.

It is businesslike and a good form of philanthrophy for a savings bank to advertise the results of weekly deposits of, say, twenty-five or fifty cents through a series of years. Most people are surprised to know the amount that will result from weekly deposits of fifty cents for, say, twenty or thirty years, with, of course, interest at the usual rate.

A needed reform in our saving bank system which has some bearing in this matter is a better understanding regarding the payment of money on deposit to the credit of a deceased depositor. It should be possible to make the balance of a deceased depositor payable to any designated beneficiary on the death of the depositor at once and without any formality, beyond the usual identification and proof of death. Thousands of dollars are never withdrawn from our savings banks because of the trouble and expense of going through the formalities of having an administrator appointed in order to collect the balance of a deceased depositor.

Whatever objections there may be to savings banks going into the life insurance business will not apply to the acceptance by a savings bank of a trust for the payment of a definite sum at the expiration of a definite time, conditioned upon the deposit of a certain sum weekly or monthly with alternate conditions, provided the deposits are not made regularly or the depositor dies before the expiration of the time, or the insurance of a depositor by a life insurance company through the agency of the saving bank, all risks to be taken by the insurance company. The deposits of course to correspond with the necessary premium rates for the insurance, a small percentage being charged by the bank for its service.

MASSACHUSETTS SAVINGS BANKS.

A GRAPHIC survey of the operations of the savings banks of Massachusetts for the past five years is furnished by the following table, taken from the report of Bank Commissioner Pierre Jay, recently published:

	Year Ending October 31.				
	1906.	*1905.*	*1904.*	*1903.*	*1902.*
Accounts.					
Number opened during year	269,092	244,050	226,712	236,175	227,884
Number closed during year	189,136	180,685	182,919	174,029	160,679
Number open Oct. 31	1,908,378	1,829,487	1,766,614	1,723,015	1,660,814
Average in each account	$363.70	$362.29	$357.36	$353.11	$353.40
Deposits and Withdrawals.					
Total deposits Oct. 31	$694,081,141	$662,808,312	$631,313,830	$608,415,409	$586,937,084
Increase over previous year	$31,272,829	$31,494,512	$22,898,391	$21,478,325	$26,231,332
Number of deposits during year	2,118,271	1,880,854	1,756,003	1,770,455	1,689,413
Number of withdrawals during year	1,461,109	1,414,479	1,420,421	1,327,815	1,243,608
Average deposit	$59.16	$61.69	$60.06	$59.25	$60.10
Average withdrawal	$80.56	$75.90	$73.58	$78.67	$76.58
Amount deposited during year	$125,315,148	$116,026,890	$105,466,148	$104,893,853	$101,542,089
Amount withdrawn during year	$117,709,002	$107,361,106	$104,506,951	$104,460,530	$95,234,951
Loans.					
Of $3,000 or less Oct. 31	68,786	72,922	71,932	70,859	70,022
On real estate Oct. 31	82,552	87,168	85,261	83,803	83,130
Average real estate loan Oct. 31	$3,602.20	$3,285.44	$3,238.51	$3,186.45	$3,068.89
Income, Dividends, Etc.					
Total income	$31,251,869	$29,716,529	$29,138,722	$27,883,865	$26,367,176
Dividends	23,665,106	22,826,049	21,941,039	21,047,936	19,924,927
Expenses	1,648,061	1,583,889	1,546,904	1,447,237	1,374,564
State taxes	1,854,131	1,751,481	1,658,765	1,604,300	1,535,960
Guaranty fund additions	1,511,138	1,424,787	1,266,552	1,333,722	1,311,096
Ratios.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Dividends to income	75.72	76.81	75.53	75.48	75.57
Expenses to income	5.27	5.33	5.31	5.19	5.21
State taxes to income	5.93	5.89	5.69	5.75	5.83
Guaranty fund additions to income	4.83	4.79	4.35	4.78	4.97
Dividends to total assets Oct. 31	3.19	3.21	3.25	3.24	3.18
Expenses to total assets Oct. 31	.22	.22	.23	.22	.22
State taxes to total assets Oct. 31	.25	.25	.25	.25	.25
Guaranty fund additions to total assets Oct. 31	.20	.20	.19	.21	.21

BANK INSURANCE BILL.

THE Massachusetts Savings Insurance League has sent out copies of a tentative draft of the bill which purposes to give savings banks in that state the right to engage in life insurance. The bill provides that a savings bank, in order to establish an insurance department, must secure a two-thirds vote of its trustees at a meeting specially called for that purpose on at least thirty days' notice. Two special guaranty funds are required, one to cover any possible deficiency in expenses and another, of at least $20,000, to cover death losses in case the mortality should prove greater than expected.

It is provided that the trustees of the general insurance guaranty fund, a separate body of seven appointed by the Governor, shall, subject to the approval of the Governor and council, appoint an insurance actuary, to be called the State Actuary, whose salary is to be paid by the Commonwealth. He is to perform for all the banks with insurance departments all the duties pertaining specifically to insurance, as distinguished from the ordinary conduct of business. He is to prepare standard forms of policies and applications. He is also to determine the table of premium rates, and all other rates. The ordinary actuarial routine work of the banks is to be performed by their clerks.

TO SAFEGUARD SAVINGS BANKS.

THE looting of the Savings Bank of New Britain, Conn., by Treasurer Walker, has stimulated an effort to secure additional banking legislation which will tend to prevent a repetition of defalcations of this character. One provision calls for the compulsory registration in the name of the bank of all securities which it owns that are capable of being registered. Another section provides that all negotiable securities which cannot be registered as to their principal and are transferable only by a vote of the trustees or directors, shall be kept in a special vault of a safe deposit company or of the bank. The compartment where the securities are kept shall be equipped with two independent locks and the bank commissioner shall leave the custody of the key to one of them. Under this arrangement the bank officers can have access to the compartment only in the presence of the bank commissioner or his representative. An official of the banking department is required to assist in opening the compartment at any reasonable time on request by the bank.

PRIVATE BANKERS IN PENNSYLVANIA.

THE banking bill introduced in the house at Harrisburg aims at an abuse that has caused considerable distress in Pennsylvania. It requires that the books of all persons, firms, partnerships and companies purporting to do a banking business, and displaying signs as bankers, shall undergo examination, the same as chartered banks do now. This implies supervision and regulation, and the effect would be to drive fake bankers out of business. There are many of that kind in this state, soliciting patronage especially from non-English speaking foreigners.—Pittsburg Gazette Times.

PROPOSED LAWS OF INTEREST TO BANKS.

OWING to the diversity of state laws, and the different rules laid down by the courts, much trouble is caused to bankers. The laws relating to commercial paper are becoming fairly well harmonized since the enactment by many states of the uniform Negotiable Instruments Act. But considerable remains to be done in the direction of uniformity, and the standing law committee of the American Bankers' Association is working energetically along this line. This committee is made up as follows: Chairman, William J. Field, secretary and treasurer Commercial Trust Co. of New Jersey, Jersey City, N. J.; Henry Dimse, president Northern National Bank, New York city; P. C. Kauffman, second vice-president Fidelity Trust Co., Tacoma, Wash.; John K. Ottley, vice-president Fourth National Bank, Atlanta, Ga.; counsel and secretary, Thomas B. Paton, Thames Building, New York city.

The committee has approved and recommended for enactment the following laws:

Forged or Raised Checks.

An Act to amend the Negotiable Instruments Law relative to the payment or certification of forged checks.

Be it enacted, etc.,

Section 1. That Chapter—of the Laws of—be amended by adding at the end of Article—(here insert number of article entitled "promissory notes and checks") three new sections to be known as sections—, —and—, and to read as follows:

Section—. *Liability of bank to depositor.* No bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor of the voucher of such payment, such depositor shall notify the bank that the check so paid was forged or raised.

(NOTE.—This is Ch. 287, Laws N. Y. 1904. By Ch. 262, Laws Wis. 1905, the concluding part of the section reads "unless action therefor shall be brought against such bank within one year after the return to the depositor by such bank of the check so forged or raised as a voucher." The difference between N. Y. and Wis. is that in the latter, action must be brought within a year from return of the voucher, while in New York notice must be given within the year. By Ch. 258, Laws Cal. 1905, the Statute of Limitations (Sec. 340 Code of Procedure) bars action after one year from payment. It reads: "340. Within one year * * * An action * * * by a depositor against a bank for the payment of a forged or raised check." In Montana, by statute of 1905, the time in which an action can be commenced against a bank on account of a forged or raised check or draft is three years from the day in which the plaintiff, his agent, assignee or personal representative shall have been notified of such payment or he or they shall have received such check, order or note marked "paid."

The New York law is recommended for uniform enactment, but wherever possible the time limit should be fixed at six months instead of one year. In states not having the Negotiable Instruments Law the above draft can be introduced as a separate enactment, instead of an amendment.

Section—. *Recovery of payment on forged check.* A bank which pays to a holder in good faith and for value, a check to which the signature of a depositor is forged, not being at fault other than in mistaking such signature, and which notifies such holder of the forgery and mistake within a reasonable time after discovery thereof by it, may recover from such holder the money so paid, if such holder

1. Did not use ordinary care in acquiring such check; or
2. Has not been misled or prejudiced to his injury by the drawee's failure to detect the forgery. The burden of proving he has been so misled or prejudiced rests upon such holder and, when proved, shall operate to relieve such holder from liability to the drawee to the extent of the loss caused thereby.

But nothing in this section shall affect or limit the right of a bank, under the law merchant, to recover money paid upon a forged check to one, not a holder for value or who has acquired or received payment of the same in bad faith.

Section—. *Certification of forged check.* A bank which certifies for a holder in good faith and for value, a check to which the signature of a depositor has been forged, not being at fault other than in mistaking such signature, and which, before payment of such check, discovers the forgery and notifies such holder of the forgery and mistake within a reasonable time after its discovery thereof, shall not be liable to such holder on such certification, if such holder.

1. Did not use ordinary care in acquiring such check; or
2. Has not been misled or prejudiced to his injury by such certification. The burden of proving he has been so misled or prejudiced rests upon such holder and, when proved, shall operate to make the bank liable to him to the extent of the loss caused thereby.

But nothing in this section shall affect any right of a subsequent indorsee for value in good faith to whom such certified forged check may have been negotiated, to hold the bank liable upon such certification, which may exist under the law merchant and under other provisions of this act.

NOTE.—The above two sections have been drafted by counsel and are recommended for enactment by the Standing Law Committee. They are designed to relieve the bank from the unjust consequences of the old rule of the common law, that a bank was bound to know its depositor's signature and where it mistook such signature and paid or certified a check on a forgery thereof to a good-faith holder, it was liable on its certification in the one case and was precluded from recovering the money paid in the other. The design is to relieve the bank in those cases where, in justice and equity, it should be relieved.

The courts in many states have broken away from the old rule which held the bank bound and concluded in all cases and have allowed the recovery of the money paid where the holder was guilty of the first negligence, as by taking the check from a stranger without proper precaution, or even where he acquired the check without negligence, if he would not be in a worse position if compelled to refund, than before he received the money. The proposed act is designed to make the statutory rule uniform and in conformity with the latest and best considered cases on the subject. Where a good faith holder without negligence has been injured by the bank's act in paying or certifying and can show such injury, the bank will remain liable to the extent of his loss.

In states not having the Negotiable Instruments Law the above can be introduced as an independent enactment. One state, Pennsylvania, has since 1849 had a law on its statute books allowing payment on a forged check to be recovered in equitable cases.

In the great majority of cases of payments on forged checks the depositor notifies the bank within a year and the payment cannot be charged. In addition to a statute of limitation against the depositor it is most important to give the bank a right of recovery of the money paid wherever such recovery is consonant with justice.

Section 2. This act shall take effect immediately.

NOTES PAYABLE AT BANK.

An Act to amend the Negotiable Instruments Law relative to the payment of instruments made payable at a bank.

Be it enacted, etc.

Section 1. That Chapter—of the Laws of—be amended by adding at the end of Section—(here insert number of section entitled "rule where instrument payable at bank") the following:

But where the instrument is made payable at a fixed or determinable future time, the order to the bank to pay is limited to the day of maturity only.

Section 2. This act shall take effect immediately.

NOTE.—The full section as amended will then read: "Where the instrument is made payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon. But where the instrument is made payable at a fixed or determinable future time, the order to the bank to pay is limited to the day of maturity only."

The amendment is desirable to clear up the conflict of opinion and the doubt as to whether a bank at which a customer makes a time note or acceptance payable, has a right, or is under duty, to make payment on any day except that of maturity fixed therein. The point has not been decided in this country, but in Australia a similar conflict of opinion led to a decision that the bank must pay, although presented after maturity. Some American bankers think the bank must or can pay, when presented on any subsequent day, but the proposed amendment expresses the majority view. As the section stands now it is incomplete, not contemplating that time, as well as demand, instruments are made payable at bank.

COMPETENCY OF BANK NOTARIES.

An Act concerning notaries public who are stockholders, directors, officers or employees of banks or other corporations.

Be it enacted, etc.

Section 1. That it shall be lawful for any notary public who is a stockholder, director, officer or employee of a bank or other corporation to take the acknowledgment of any party to any written instrument executed to or by such corporation, or to administer an oath to any other stockholder, director, officer, employee or agent of such corporation, or to protest for non-acceptance or non-payment bills of exchange, drafts, checks, notes and other negotiable instruments which may be owned or held for collection by such bank or other corporation: Provided it shall be unlawful for any notary public to take the acknowledgment of an instrument by or to a bank or other corporation of which he is stockholder, director, officer or employee, where such notary is a party to such instrument, either individually or as a representative of such bank or other corporation, or to protest any negotiable instrument owned or held for collection by such bank or other corporation, where such notary is individually a party to such instrument.

Section 2. All acts or parts of acts inconsistent with this act are hereby repealed.

Section 3. This act shall take effect immediately.

NOTE.—The above act has been drafted by counsel to clear up the conflict of law which now exists in the various states as to the competency of a notary who is a stockholder or officer of a bank or other corporation to take acknowledgments of instruments executed to or by the bank or to protest the bank's paper. It declares him competent in all such cases unless he is a party personally, or as representative of the bank, in the instrument acknowledged, and he can protest the bank's paper unless he is individually a party thereto. Many states now hold a notary who is stockholder to be disqualified and much inconvenience is caused, especially in the smaller banks, where the cashier who is a stockholder is the only available official to act as notary. As the notarial act is purely ministerial, it is proper that he should act in such cases. A few of the state courts hold the notary qualified and in 1905 the legislature of Kansas passed an act making him qualified in such cases.

Uniform Law of Stock Transfers.

An Act to establish a law uniform with laws of other states relative to the transfer of stock of corporations.

Be it enacted, etc.

Section 1. That the delivery of a stock certificate of a corporation to a bona fide purchaser or pledgee for value, together with a written transfer of the same, or a written power of attorney to sell, assign and transfer the same, signed by the owner of the certificate, shall be a sufficient delivery to transfer the title at against all parties; but no such transfer shall affect the right of the corporation to pay any dividend due upon the stock, or to treat the holder of record as the holder in fact, until such transfer is recorded upon the books of the corporation, or a new certificate is issued to the person to whom it has been so transferred.

Section 2. This act shall take effect immediately.

NOTE.—Previously enacted in Mass., Ch. 229, Laws 1884; Maine, Ch. 293, Laws 1897; New Hamp. Pub. Stat., Ch. 140; Rhode Island, Ch. 690, Laws 1888; Wisconsin, Ch. 414, Laws 1891; Louisiana, Ch. 180, Laws 1904.

It is recommended by the Committee for enactment especially in those states where under the judicial laws book transfer is still necessary to protect the purchaser or pledgee from subsequent attachments of the stock by creditors of the transferror.

Payment of Joint Deposits.

An Act relative to the payment of deposits in the name of two persons.

Be it enacted, etc.

Section 1. That when a deposit has been made or shall hereafter be made in any bank or trust company transacting business in this state in the name of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or interest or dividends thereon, may be paid to either of said persons whether the other be living or not, and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to such bank or trust company for any payment so made.

Section 2. This act shall take effect, etc.

NOTE.—The above law constitutes Section 27 of an act concerning savings banks enacted by the legislature of New Jersey in 1906 (Ch. 195 Laws of N. J. 1906). In the above draft it is made applicable to any bank or trust company. Its enactment in any state will clear up the doubt as to the authority of a bank after the death of one party to an account in two names to pay the survivor in case it should turn out that the survivor was not owner. In states having an inheritance tax law with requirement of notice to a state officer before payment over of the deposit of a decedent the act would have to be framed with reference to any such law.

Burglary With Explosives.

An Act defining the crime of burglary with explosives and providing the punishment therefor.

Be it enacted, etc.

Section 1. A person who, with intent to commit some crime, breaks and enters any building in the nighttime and, for the purpose of committing any crime, uses or attempts to use nitroglycerine, dynamite, gunpowder or any other high explosive, is guilty of burglary with explosives and on conviction shall be punished by imprisonment for a term of not less than twenty-five nor more than forty years.

Section 2. This act shall take effect, etc.

NOTE.—The above act became a law in Maryland, September first, 1906. It may be introduced as an amendment to the Penal Code in any state or as an independent enactment. In the annual report of the Protective Committee and Pinkerton's National Detective Agency to the American Bankers' Association, 1906, its passage is urged in the different states, especially in the middle West, which is more thickly infested with "yegg" burglars than any other section.

The 360 Day Interest Basis.

An Act relating to the calculation of interest.

Be it enacted, etc.

Section 1. That for the purpose of calculating interest, three hundred and sixty days may be considered to be a year.

Section 2. This act shall take effect, etc.

NOTE.—California and Connecticut now have a statute similar to the above. Aside from statute the courts of many states hold that where a bank discounts a note, taking out the interest in advance on the basis of 360 days constituting a year, the transaction is not usurious although taken at the highest rate allowed by law for a year of 365 days.

But other states have held the contrary. Thus the Supreme Court of Iowa (Talbot v. First National Bank, October, 1908) has held that the custom of banks to compute interest on the commercial basis of 30 days to a month, or 360 days to a year, is illegal, where the custom results in giving a higher rate of interest than is authorized by law and interest so computed is usurious. The Indiana decisions are the same way. The early New York decisions also held the transaction usurious; then in 1830 a statute was enacted legalizing the 360 day basis, but in 1892 upon a revision of the statutes, either by design or inadvertence, this statute which had continued in force for 62 years was repealed and not included in the revision of the statutes then made. The question is therefore somewhat uncertain in New York.

The enactment of the statute suggested would seem necessary to protect banks which compute interest on the 360 day basis from the defense of usury in all states where that basis is not now legalized either by statute or judicial decision.

THE NATIONAL MONEY MARKET.

AMERICANS are proud of New York as a national money market. Many cities contribute to this great market. Wall street is not without a record for legitimate work in behalf of the country which dates from the memorable day in 1789, when George Washington, standing on the steps of the old Federal house, took the oath of office as the first President of the United States. Although it has witnessed panics since then, says the Boston Globe, it has assisted many of the greatest of those undertakings which have rendered this country famous.

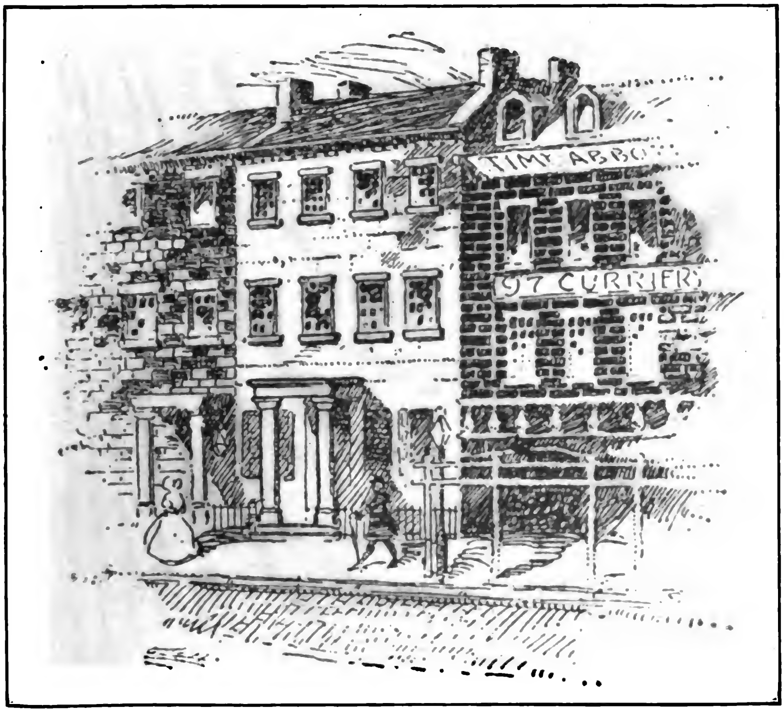
This money center was useful to the country during the war of 1812. Then followed a prosperity that in twenty years paid off the great war debt. When national existence was threatened in 1860, and during the war with Spain, the government did not turn to Wall street in vain.

By all means let it continue to be a great national money center, aiding the United States first of all.

THE OLDEST BANK IN THE UNITED STATES.

THOUGH not a modern financial institution in point of age—since it is the oldest bank in the country—the Bank of North America is yet in close touch with the requirements of the present-day business world, is progressive, and may therefore justly be called a modern bank, in the best sense of that term.

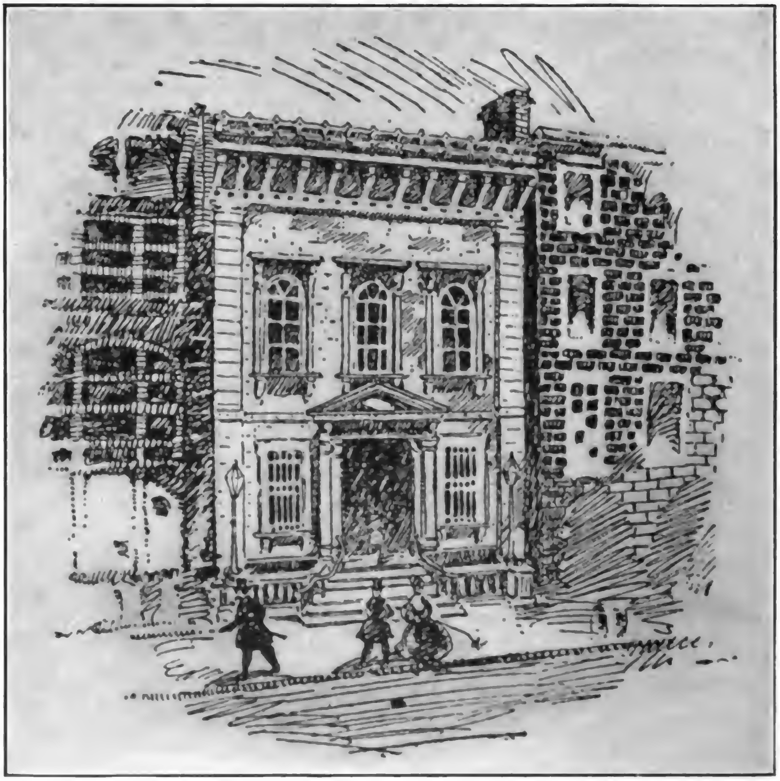
In his letter proposing a National Bank, Robert Morris, the Financier of the Revolution, declared that if such a bank were established, it would



FIRST HOME OF THE BANK OF NORTH AMERICA.

probably continue as long as the United States. This prediction seems in a fair way to be verified. Other of the old, historic banks of the country have merged, changed their names, or have disappeared altogether. But the Bank of North America still survives, under its original title. It has the distinction of being the only national bank without the word "national" as a part of its title—a concession granted by the Comptroller of the Currency in view of the historic character of the institution.

To present a complete history of the Bank of North America it would be necessary to enter largely into the details of the Revolution, for the bank was organized to aid the struggling Colonies at a most critical juncture in their financial affairs. How well it performed its mission is evidenced by the testimony of Robert Morris and Alexander Hamilton. Morris, while Superintendent of Finance, wrote: "At that period (1782) the public credit had gone to wreck and the enemy built their most sanguine hopes of overcoming us upon this circumstance; but at this crisis our credit was restored by the bank." In the Treasury Report for 1790 Alexander Hamilton said: "The aid afforded to the United States



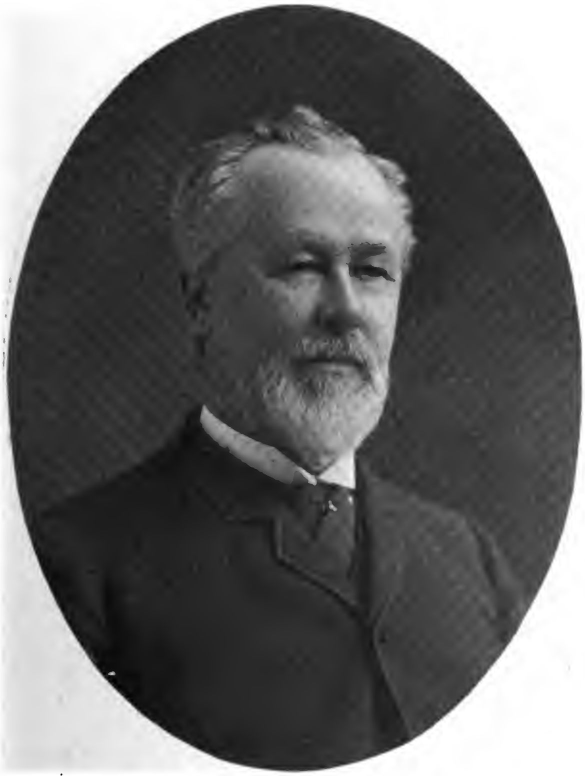
SECOND HOME OF THE BANK OF NORTH AMERICA.

by the Bank of North America during the remaining period of the war was of essential consequence, and its conduct toward them since the peace has not weakened its title to their patronage and favor. * * * The creation of such an institution, at the time it took place, was a measure dictated by wisdom. Its utility has been amply evinced by its fruits. American independence owes much to it."

The plan for the establishment of the Bank of North America was presented to Congress by Robert Morris, Superintendent of Finance, May 17, 1781. This plan received the approval of Congress, and on

December 31, 1781, a charter was granted, and the bank commenced business January 7, 1782. The original capital was $400,000. Thomas Willing was the first president of the bank, and Tench Francis the first cashier.

The benefits conferred by the bank upon the Government were immense. It made large direct loans to the impoverished Treasury, supplied a sound bank-note circulation in place of the worthless Continental bills, discounted the drafts drawn by the Government's agents, thus supplying



JOHN H. MICHENER,
Late President Bank of North America.

needed cash in advance of the collection of revenues. Besides, the Government as owner of a large part of the bank's shares derived a substantial profit in the shape of dividends on the stock.

The services of the bank in restoring confidence and credit in the commercial world were also very great.

Some doubts having arisen as to the validity of the charter granted by Congress, a charter was obtained from the Legislature of Pennsylvania in 1782. Owing to some prejudices which arose against the bank, despite the large loans it had made to the state, this charter was repealed in September, 1785. To protect itself, the bank, in 1786, obtained a charter from the State of Delaware, continuing meanwhile to do business under the grant of authority originally derived from Congress. In 1787 the Pennsylvania charter was revived.

In November, 1864, the Bank of North America entered the national banking system, retaining its original title, being, as already stated, the only national bank in existence without the word "national" as a part of its corporate name.

H. G. MICHENER,
President Bank of North America.

In the conflict for the preservation of the Union the Bank of North America maintained the honorable traditions of its early history, making large loans to the Government and in other substantial ways giving evidence of its patriotism.

For over sixty-five years the bank continued to occupy the same building in which it began business, but in 1847 the erection of a new building was begun. The bank took possession of its new home on March 11, 1848. In 1893 this building was replaced by one thoroughly modern in all respects, tasteful in its architecture, and equipped with everything required in the safe and convenient transaction of its largely increased business.

That the bank of North America has been prosperous may be seen from the fact that it has paid $13,530,450 in dividends, and has accumulated surplus and profits of $2,280,000, making the total earnings over $15,810,000. In the last twenty-five years 342 per cent. has been paid in dividends.

The Bank of North America was founded by the substantial merchants of the time, and its stockholders, directors and officers have always comprised representatives of the best in the business life of Philadel-

PRESENT HOME OF THE BANK OF NORTH AMERICA.

phia. Through all the troublesome periods in the long career of the bank it has maintained a strong and honorable position among the banks of the country. By neither merging with any other bank nor absorbing any it has kept a distinctive character, and its growth has been due to legitimate acquisition of new accounts and the increase in the size of others as the country has grown and prospered.

From 1887 to 1906 the chief executive of the Bank of North America was John H. Michener, who became a director of the bank in 1871. At the time of his death, which occurred September 16, 1906, he was also president of the Philadelphia Clearing-House Association, the sole surviving member of the original Board of City Trusts, and a director in a number of prominent business corporations. In 1903 Mr. Michener was relieved of part of his duties by the election of his son, Harry G. Michener to the vice-presidency, the latter becoming president upon the death of his father.

John H. Watt, the cashier, is a veteran in the bank's service, having entered it as a clerk in August, 1855. He has been cashier since May 1, 1869.

Samuel D. Jordan, assistant cashier, began work in the bank as a boy over forty-four years ago, working up through every department to his present position, to which he was elected July 11, 1900.

The capital of the Bank of North America is $1,000,000, surplus $2,000,000. undivided profits $280,000, and deposits over $10,000,000.

This bank has a long and honorable history, of which it may well be proud, and it has shown by its growth that it is in all respects equipped to meet the demands of modern banking. Its solidity and strength have been tried by all the financial storms of the last one hundred and twenty-five years, and its sound and energetic management is witnessed by the substantial gains made in its deposit totals, and by the additions made to its surplus fund.

OWNERSHIP OF BANKING INSTITUTIONS.

BY L. A. NORTON.

THERE was a time when the typical bank gradually built itself up around one strong, wise, just, honest and kindly man, who may or may not have owned a majority of its stock, but who, in any case, never wasted any time worrying about what would happen at the next annual meeting, because he knew that, in the first place, his stockholders were practically a unit in loyalty to the institution and in personal loyalty to himself, and in the second place, his depositors esteemed him so highly that to them he was the bank, and they were all proud of carrying an account with him.

His directors were all men who took an active interest in the affairs of the bank, and who gave him the benefit, not only of their influence in bringing business, but of their information regarding the standing of borrowers, and of their judgment as to the value and marketability of collateral.

Under these conditions the bank prospered. Its business showed a steady growth from year to year, its dividends were regular and were gradually increased, while its surplus account steadily grew. Its stock was a desirable investment, not readily parted with by those who were fortunate enough to own it. When it became necessary for a stockholder to dispose of his holdings, he went to the president or to one of his friends among the directors and offered to sell. If the one thus approached was in funds and a fair price could be agreed on, the stock was bought and held for permanent investment. If he could not buy it himself, he took a personal interest in helping to place it where it would be of greater benefit to the bank.

In short, the management, or the ownership of the bank, had not then outgrown or grown away from the personal relation.

The bank, as a corporation, was an evolution from the private banking house or partnership, and it was natural that this personal relation

L. A. NORTON.

of stockholders as being in a sense partners, owing to each other the utmost good faith and loyalty, should have been for a long time the dominant one. It is perhaps safe to say that in the majority of banks this idea still prevails and it is only in the larger cities that it has been superseded, to a greater or less extent, by the idea of the purely impersonal relation of stockholders in a modern corporation.

Concentration of Holdings of Bank Stock.

In New York, the development of this impersonal idea has probably been carried farther than elsewhere and the result has been in general a concentration of holdings. This process of concentration has been worked out along a number of different lines. One of these was the gradual accumulation of large holdings of these stocks by some of the life insurance companies until, in a number of cases, actual control of important institutions was so held, while in others the amount held by the companies themselves, when combined with the personal holdings of men who were officers or trustees of these companies, was sufficient to control.

A second line of concentration has been the merger of smaller banks and trust companies with larger ones.

A third line has been the buying of small outlying banks and their conversion into branches of a large central institution. This has, of course, been possible only in the case of state banks and trust companies, as the National banks are not permitted to operate branches. As a substitute for this, however, there has been evolved the chain of banks, which, although maintaining their separate organization, are still closely affiliated with some one large bank and are controlled by the same interests.

These processes have been going on steadily year by year until today of all our banking institutions in New York at least one-third in number, more than one-half in amount of capital and surplus, and at least two-thirds in aggregate deposits, are controlled by some six or eight small groups of men.

Such control involves, as a matter of course, the election of boards of directors a majority of whom represent the controlling interest, and as a result, many directors are elected whose holdings of stock in the institution are very small and whose personal interest in its welfare cannot extend far beyond the mere registering of the will of those whose ownership they represent.

Many of the officers of these institutions no longer retain their offices by virtue of important personal holdings of stock but are elected only as representatives of the dominant interest, and hence must look to this dominant interest, rather than to their own personal judgment, for guidance in all matters of general policy.

Theoretically nothing could be easier than for any stockholder to know just how much stock each officer and each director holds and in fact to locate exactly the ownership of all the stock.

Under the National Banking Law, Revised Statutes of the United States, section 5210, we find the following provisions:

"The president and cashier of every national banking association shall cause to be kept at all times a full and correct list of the names and residences of all the shareholders in the association, and the number of shares held by each, in the office where its business is transacted. Such list shall be subject to the inspection of all the shareholders and creditors of the association and the officers authorized to assess taxes under state authority, during business hours of each day in which business may be legally transacted."

This law. does not, of course, apply to state banks or trust companies, but in the State of New York the stockholders of these are protected by section 29 of the Stock Corporation Law, which provides as follows:

"Every stock corporation shall keep at its office correct books of account of all its business and transactions, and a book to be known as the stock book, containing the names, alphabetically arranged, of all persons who are stockholders of the corporation, showing their places of residence, the number of shares of stock held by them respectively, the time when they respectivly became the owners thereof, and the amount paid thereon. The stock book of every such corporation shall be open daily during business hours, for the inspection of its stockholders and judgment creditors, who may make extracts therefrom."

Practically, however, few stockholders seek to avail themselves of these rights and privileges and those who do are not always received with that courteous welcome which would seem to be due to them as part owners of the institution.

As to the general effect of such concentration of ownership, if the bank is regarded merely as an organization for the purpose of earning money for its shareholders, it seems probable that under such a system better average results can be obtained than under the former system of separate and independent management.

If, however, we take the broader view that the bank must be regarded as the servant of the public, there must always remain the question whether or not the people as a whole will or can be as well and justly served under such a system, and whether or not any advantage thus gained can make up for the inevitable loss of the old close personal relation. Then, too, there is always the danger that the concentration of power may in time come to mean the abuse of that power along these lines, as we have already seen that it has frequently meant such abuse in other lines, which have recently been the subject of public investigation.

THE NEW UNITED STATES SENATOR FROM COLORADO.

EVERYBODY knows of the Guggenheims, who have built up a unique reputation in the mining business in which they are largely engaged. Sixty years ago Meyer Guggenheim came to this country from Switzerland. His seven sons—Isaac, Daniel, Morris, Solomon, Benjamin, Simon, and William—were all born in Philadelphia. The father died in March, 1904. All the seven brothers are living, and are in the mining and smelting business at 71 Broadway, New York. They have strict ideas about business matters, as was shown when they paid

$1,500,000 in a mining deal recently to protect the underwriters, whom they considered as partners, it being a principle of the firm not to allow a partner to suffer by becoming interested with the firm.

Simon Guggenheim went to Colorado eighteen years ago, with two of his brothers, and they soon began to embark systematically in mining and smelting, with what result is well known.

On his election to the United States Senate by the Colorado Legislature on January 16, Mr. Guggenheim announced that he was going to

SIMON GUGGENHEIM.

Washington to represent the people, giving up a commercial career for the purpose of devoting himself to the discharge of his duties as a Senator. He relinquished his official connection with all business concerns, giving up salaries estimated at $75,000 annually.

Mr. Guggenheim, in addition to his business achievements, has taken a deep and practical interest in charity and education. In politics he believes in President Roosevelt.

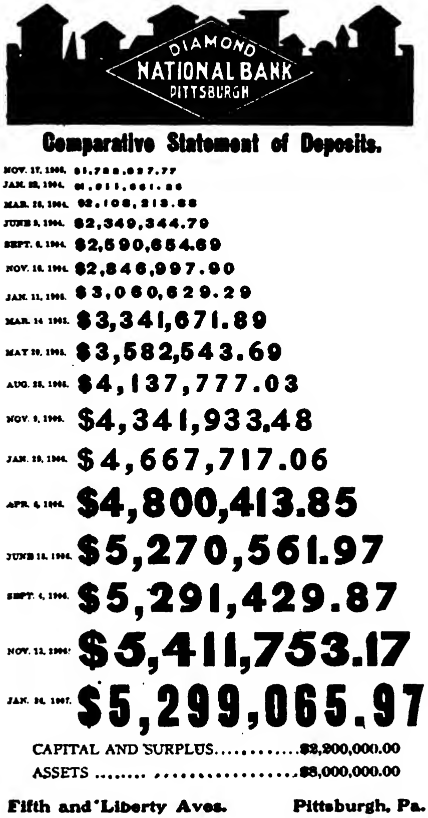
BANKING PUBLICITY

SOME GOOD BOND ADVERTISING.

BOND houses, like banks, have adopted in large measure a more or less stereotyped form of advertising, of doubtful results. One ad. is usually the counterpart of another, with names changed to fit the particular bond offered. With the general growth of advertising knowledge, however, there is a tendency to depart from the old familiar form of announcement and several investment houses are now printing ads. that appear to have been written with the idea of bringing results.

A Boston banking house, Messrs. E. H. Rollins & Sons., has recently furnished a good example of what reputable banking houses ought to do when advertising what they know to be good securities for sale. They do not simply print the customary card, with a statement of the thing they have to sell, but they begin their advertising, "A Suggestion for Conservative Investors." They then take up the question of the disadvantages of buying securities which have a short time to run, but pay a high rate of interest, and show by the figures how a bond bearing a lower rate of interest, but having a long time to run, will in the end, net the investor more than a short-time investment bearing a high rate of interest It is an argument which must appeal to any investor who has regard for the safety of his principal and the return to be netted from it, and while it is a radical departure from the customary kind of advertising done by high-grade bankers, it ought to bring results, and that is what all advertisers are after. It is an example which ought to be followed more generally than it probably will be.

A RECENT DIAMOND NATIONAL AD.



COMPARATIVE figures of a bank's growth in deposits always make good advertising copy and this idea has been used to advantage in a recent ad. of the Diamond National Bank of Pittsburgh, reproduced herewith. The ad. is headed with the Diamond's well-known trade-mark and occupied an 8½-inch double-column space in a Pittsburgh newspaper. An increase in deposits from $1,700,000 to $5,300,000 in a little over three years is a story worth telling.

THE MANAGEMENT AND DISTRIBUTION OF ESTATES.

ONE of the most meritorious of recent contributions to trust company literature is a pamphlet just issued by the Franklin Trust Co. of New York city under the above title. In clear, concise and readable form it undertakes to answer the questions most frequently asked concerning the laws and rules governing the disposition of estates. While it presents especially the desirability of employing the services of the Franklin Trust Co., it shows by unanswerable arguments the superiority of the trust company over the individual in a fiduciary capacity. Typographically the pamphlet is all that could be desired.

CHEERFUL BANKING ROOMS AND COURTESY THE BEST ADVERTISEMENT.

THERE is no better advertisement for a bank than bright, cheerful quarters and the all-pervading courtesy now considered an indispensable asset of modern banking institutions. There is scarcely an instance of a bank moving into a new and modern building that the outlay is not amply made good by the increase in business.

The "courtesy" feature is recognized by Mr. David R. Forgan in his announcement of the opening of his new bank, the National City Bank of Chicago. He says: "First, courtesy: The entire staff has been selected, not only on account of their fitness for their respective positions, but with a view to their manners, and customers will meet with unfailing courtesy from everyone connected with the bank."

"FOUNDED 1803."

FEW banks in this country have the right to use the expression, "Founded 1803," in their advertising and so the Merchants National Bank of New York is not likely to be imitated very frequently in this regard. When Mr. Z. S. Freeman came to the bank last year as cashier he adopted this device and it has since appeared conspicuously in all the bank's announcements. It has also been displayed prominently on checks, notes, drafts, letters of credit, stationery, etc. We have reproduced herewith a scroll from the end of a check, in which the device has been incorporated. The scroll itself was reproduced by the American Bank Note Co. from a design used for a similar purpose more than a hundred years ago.

A UNIQUE BOOKLET FROM RICHMOND.

THE American National of Richmond issued a unique booklet as a New Year's greeting. It consisted of loose leaves bound with a ribbon and bearing excellent portraits of the officials, designed to emphasize the personal element in the bank and indicating the high standing of the directorate of the institution. It truly says: "A bank is invariably the visible public expression of the individuality of those who direct its affairs. Their commanding spirits permeate the institution, clothing it with a distinct personality which inspires confidence or begets distrust. It is a repository not only of money but of confidence. It requires both to produce a sound bank. The American National Bank is strong in these first essentials."

BANKING PUBLICITY NOTES.

THE Sioux Falls National Bank of Sioux Falls, S. D., sends out an advertising blotter, bearing the following terse remarks: "If we were not giving our customers the kind of service they wanted, we would not be handling their collections year after year, would we? Are we getting yours?"

+

The most recent statement of the Union Bank and Trust Co. of Helena, Mont., is a striking production printed on red paper, the cover bearing a Scotch golfing scene in three colors, with the following note: "The novelty highlands design on the cover of this statement is a testimonial to the splendid character and qualities of our Scottish American director, Mr. Robert Craig Wallace, and a compliment to Mr. Wallace's loyalty to the land of Burns and Carnegie."

+

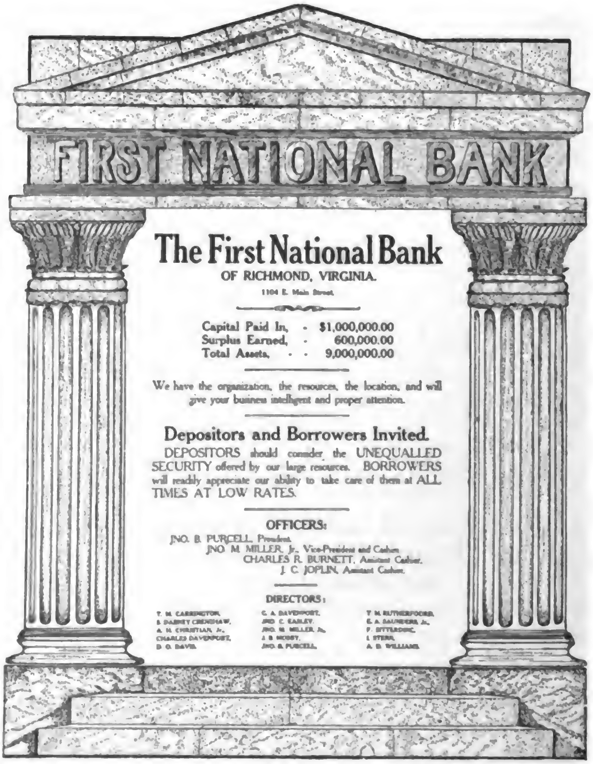
The Cedar Rapids Savings Bank of Cedar Rapids, Ia., has forwarded a series of souvenir postal cards, by which it calls attention to the growth of savings through the four per cent. interest which it pays.

+

The annual report to the stockholders of the Columbia Trust Co. of New York is to be commended for its completeness. It shows among other things an increase in number of accounts, Dec. 4, 1905, to Jan. 28, 1907, from 34 to 819 and in deposits, from $1,121,000 to $6,808,000—all of which must be eminently satisfactory to the stockholders. The report is neatly printed in pamphlet form.

+

The Mississippi Valley Trust Co. has sent out with its compliments copies of "St. Louis Today," a handsome brochure illustrating the buildings, parks and other features of this great Western metropolis.



A DESIGN RECENTLY ADOPTED BY THE FIRST NATIONAL OF RICHMOND.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE ELIOT NATIONAL BANK OF BOSTON.

THE removal of the Eliot National Bank of Boston to larger quarters in the new John Hancock Building, corner of Federal and Franklin streets, marks another step in the growth of this bank, which under its present administration has been notably successful.

HARRY L. BURRAGE,
President.

The new banking-rooms are on a corner destined to be one of the most important centers in Boston, being midway between the Post Office and the South Station, near the leather and the wool territory and also conveniently near State street and the financial district proper.

The building in which the new quarters are located is one of the best of Boston's commercial structures, and the portion occupied by the bank is commodious and well lighted. The fittings are dignified and substantial, mahogany being used throughout. The needs of the public have been carefully considered; the officers' desks are on a raised platform easy of access, and a handsomely appointed customers' room has been provided for the use of depositors, also an appropriately furnished room for the use of the directors. The illustrations show to good advantage

GARRARD COMLY,
Vice-President.

the general plan of the bank, which from the customers' standpoint is not surpassed by any bank in Boston.

The Eliot National is one of Boston's older banks, having been established as a state institution back in 1853. In 1864 when it was nationalized, its first president was John Demeritt and its first cashier was R. L. Day, founder of the well-known banking house of R. L. Day & Company. Mr. Demeritt served as president until January, 1873, when he was succeeded by William H. Goodwin, whose administration lasted for twenty-four years and was terminated by his death in 1897. The next president was Joseph H. White, who served from June, 1897, until June, 1902, at which time he resigned and was succeeded by Mr. Burrage, the present head of the institution.

Although the bank has long been one of Boston's solid and substantial institutions it is under its present management that it has achieved its most notable success. In May, 1899, Mr. Harry L. Burrage became vice-president and active manager of the Eliot and since that time the bank has pushed steadily forward.

ENTRANCE TO THE ELIOT NATIONAL BANK.

Mr. Burrage's career in the banking field has been remarkable. Like most successful bankers he began at the bottom and rose steadily in the ranks, from messenger in the old Third National, to cashier of that institution. After three successful years in the vice-presidency of the Eliot, and eight days after his thirtieth birthday, Mr. Burrage was elected president and has filled that position with conspicuous success.

Mr. Burrage has honestly earned his success, and that his ability has been recognized in wider banking circles is evidenced by the fact that he has refused several flattering offers to take the presidency of prominent

THE BANKINC ROOM.

THE WORKING QUARTERS.

New York banks. Under his management the deposits of the Eliot have increased from $8,000,000 to $13,000,000, and surplus and profits—the real test of judicious management—have increased from $533,000 to over $1,200,000, in addition to the payment of some $600,000 in dividends. The following table shows the earnings for the past six years:

Date.	Surplus and Profit Account (in addition to dividends.)	Dividends paid during year.
January 1, 1901	$737,375.14	$60,000
January 1, 1902	815,790.80	60,000
January 1, 1903	896,101.22	70,000
January 1, 1904	972,073.17	70,000
January 1, 1905	1,006,610.37	70,000
January 1, 1906	1,053,453.21	70,000
January 1, 1907	1,188,502.56	70,000

WILLIAM J. MANDELL,
Cashier.

WILLIAM P. BAILEY,
Assistant Cashier.

The vice-president of the Eliot is Mr. Garrard Comly, who came to the bank in 1904. Mr. Comly is a Yale graduate, of the class of 1893, and has a wide acquaintance throughout the country. His first banking experience was with the Lockwood National Bank of San Antonio, Texas, from which he went to the Fletcher National of Indianapolis. In 1901 he resigned the latter position to become secretary and treasurer of the Varney Electrical Supply Company of Indianapolis. In 1904 Mr. Comly accepted an offer from the Eliot National and his election to the vice-presidency of the bank followed in February, 1905.

Mr. William J. Mandell, the thoroughly efficient cashier, has had a practical banking experience in Boston of some twenty-five years. He was elected assistant cashier of the Eliot in 1898 and cashier in 1899.

The assistant cashiers, Messrs. William F. Edlefson, William P. Bailey and Louis Harvey, have been chosen for their efficiency and practical experience and complete an exceptionally able staff of officials.

WILLIAM F. EDLEFSON,
Assistant Cashier.

The directors of the Eliot are: Joseph H. White, David N. Skillings, James H. Proctor, Frederic C. McDuffie, William R. Dupee, Leverett S. Tuckerman, Henry B. Sprague, Harry L. Burrage, Edwin Hale Abbot, William F. Russell, Edwin F. Atkins and F. Lothrop Ames.

A condensed statement of the condition of the bank as of February 19, 1907, follows:

RESOURCES.			LIABILITIES.	
Notes discounted		$4,993,084.15	Capital stock	$1,000,000.00
U. S. bonds (at par)		1,100,000.00	Surplus fund (earned)	1,000,000.00
Other bonds to secure U. S. deposits		200,000.00	Undivided profits	207,396.87
Five per cent. redemption fund		50,000.00	National bank notes outstanding	979,595.00
Demand loans	$4,623,686.31			
Due from other banks	4,229,343.23			
Cash	1,470,952.38	10,323,981.92	Deposits	13,480,074.20
Total		$16,667,066.07	Total	$16,667,066.07

THE VAULT, ELIOT NATIONAL BANK.

CENTENNIAL OF THE FARMERS AND MECHANICS' NATIONAL BANK OF PHILADELPHIA.

THERE are very few banks in the United States whose history reaches back one hundred years. An institution that has survived for a century, outriding the many terrific financial storms of that long period, must have in it some marked elements of vitality and strength. Its officers, too, must have been proud of the bank, since they have not yielded to the tendency which has been manifest of recent years for older banks to sell out to newer institutions and thus lose their identity. In a country where nearly all the banks are young, the value of age as a banking asset has not been sufficiently considered. But with the multiplication of new banks of late years, the public will probably show more of a tendency to discriminate in this regard. A new bank may, of course, be quite as strong as an old one; but the fact, at least, remains to be proven by time.

The Farmers and Mechanics' Bank of Philadelphia was organized January 17, 1807. It opened for business at 102 Chestnut street, between Third and Fourth streets. In 1819 it removed to the present site on Chestnut street, opposite the Custom House, altering for that purpose the Lawrence Mansion, which was said to have been occupied by Admiral

Howe during the British occupancy of Philadelphia in the war for independence. The bank's present marble banking-house was erected in 1854.

On January 17th of the present year the one-hundredth anniversary of the bank was appropriately celebrated by a banquet at the Bellevue-Stratford Hotel, at which were present many of the leading bankers of

FARMERS & MECHANICS' NATIONAL BANK, PHILADELPHIA.
Building Erected 1854.

Philadelphia, New York and other cities, and prominent state and Federal officials. Toasts were responded to by Hon. Chas. H. Treat, Treasurer of the United States, Mayor Weaver, State Treasurer Berry, Edward T. Stotesbury of Drexel & Co., and Hon. William N. Ashman, Precident Judge of the Orphans' Court.

Among the speakers was Joseph Wharton, who represented the directors, being introduced by President Howard W. Lewis of the bank, as one whose family has in some way been connected with the institution since its establishment.

The Farmers and Mechanics' National Bank, in its career of one hundred years, has won well deserved success. It has paid substantial returns to its shareholders, and has accumulated $1,175,000 of surplus and profits, giving the bank a capital equipment of over $3,000,000—the capital stock being $2,000,000, and the total resources close to $20,000,000.

From these figures it will be seen that the bank has grown to large proportions. It is, in fact, not only an old and staunch institution, but is fully equipped to meet the demands of modern banking. Its officers are men well known for their ability and character. They are: President, Howard W. Lewis; cashier, Henry B. Bartow; transfer officer, John Mason; assistant cashier, Oscar E. Weiss.

THE FOURTH NATIONAL BANK OF ATLANTA, GA.

AN excellent record of substantial growth is presented by the Fourth National Bank of Atlanta, Ga., whose surplus and profits have nearly doubled in the three years from December 31, 1903, to December 31, 1906, and whose deposits have grown in the same time from $3,161,600 to $4,667,254. To show the progress of the bank more in detail, the statements of these two dates are appended:

ASSETS.	Dec. 31, 1903.	Dec. 31, 1906.
Loans and discounts	$2,104,965.05	$3,195,315.61
Overdrafts	849.57	414.88
U. S. bonds and premiums	564,415.00	792,351.24
Stocks and securities	136,329.65	40,250.00
Fourth National Bank building	....	340,000.00
Cash and due from banks	1,164,691.17	1,500,922.91
Furniture and fixtures	2,750.00	....
Total	$3,974,000.44	$5,869,254.64
LIABILITIES.		
Capital stock	$400,000.00	$400,000.00
Surplus and undivided profits	202,400.00	390,000.00
Circulation	200,000.00	400,000.00
Semi-annual dividend	10,000.00	12,000.00
Deposits	3,161,600.44	4,667,254.64
Total	$3,974,000.44	$5,869,254.64

This represents a solid growth that splendidly attests the judicious character of the bank's management, for it will be seen that the increase in strength has been quite proportionate to the increase in size. This could hardly have been otherwise, since the officials of the Fourth National Bank are well known as among the most prudent as well as most energetic bankers of Atlanta and the South. James W. English is president, John K. Ottley, vice-president, Charles I. Ryan, cashier, and Wm. T. Perkerson, assistant cashier.

The Fourth National is a designated depository of the United States, the State of Georgia and the city of Atlanta.

GUARDIAN SAVINGS & TRUST CO., CLEVELAND.

UNDER the title "Yesterday and Today" the Guardian Savings & Trust Co. of Cleveland has recently issued a most attractive pamphlet, from which, by courtesy of the company, we reproduce some illustrations herewith. The pamphlet traces the growth of the city from the landing of General Cleveland on the banks of the Cuya-

THE PUBLIC SQUARE, CLEVELAND.

hoga River, July 22, 1796, to the present day, showing in excellently drawn pictures various places of interest that have now passed into history. The public square in 1839, with its stage coach, contrasts interestingly with that of 1873 and still more so with the same view in 1906—the one reproduced herewith.

The Guardian Savings & Trust Co. began business Dec. 10, 1904, in the Wade building on Superior street and in 1904 erected a permanent home at 322 Euclid avenue, a twelve-story building of unique and attractive design, construction and decoration.

The company conducts both a commercial and a savings bank business, paying two per cent. interest on daily balances subject to check, and four per cent. on savings deposits. It also maintains well-equipped

GUARDIAN SAVINGS & TRUST CO., CLEVELAND — THE BANKING ROOM

trust, real estate and safe deposit departments, besides carrying out the other functions of the modern trust company.

The company has assets in excess of $14,000,000 and its assets represent its individual growth. Originally capitalized at $500,000, in ten years its surplus fund about equaled its capital, which was then increased to $1,000,000. The capital and surplus now exceed $2,000,000 and the deposits are more than $12,000,000.

GUARDIAN SAVINGS & TRUST CO., CLEVELAND – THE DIRECTORS' ROOM.

FIRST NATIONAL BANK OF BIRMINGHAM, ALA.

THIS institution enjoys the distinction of being "Alabama's first million dollar bank." Its capital is $1,000,000 and the surplus and profits over $543,000. Deposits are $8,310,524, and the total assets $10,836,391. The bank is growing at a rate which indicates the progressive character of the management. From January 29, 1906, to January 26, 1907, the surplus and profits grew from $495,407 to $543,767, and in the same time there was an increase in the deposits from $6,943,193 to $8,310,524.

An evidence of the bank's strength is afforded by the fact that the surplus is over fifty per cent. of the capital, showing that safety is a prime consideration with the management. The large amount of cash in vault and due from banks—$3,339,823—is also another sign that the bank is in a position to meet any possible demands.

W. P. G. Harding is president; J. H. Woodward, vice-president; J. H. Barr, vice-president and cashier; A. R. Forsyth, F. S. Foster and Thos. Bowron, assistant cashiers and J. E. Ozburn, secretary of the savings department.

W. P. G. HARDING,
President First National Bank, Birmingham, Alabama.

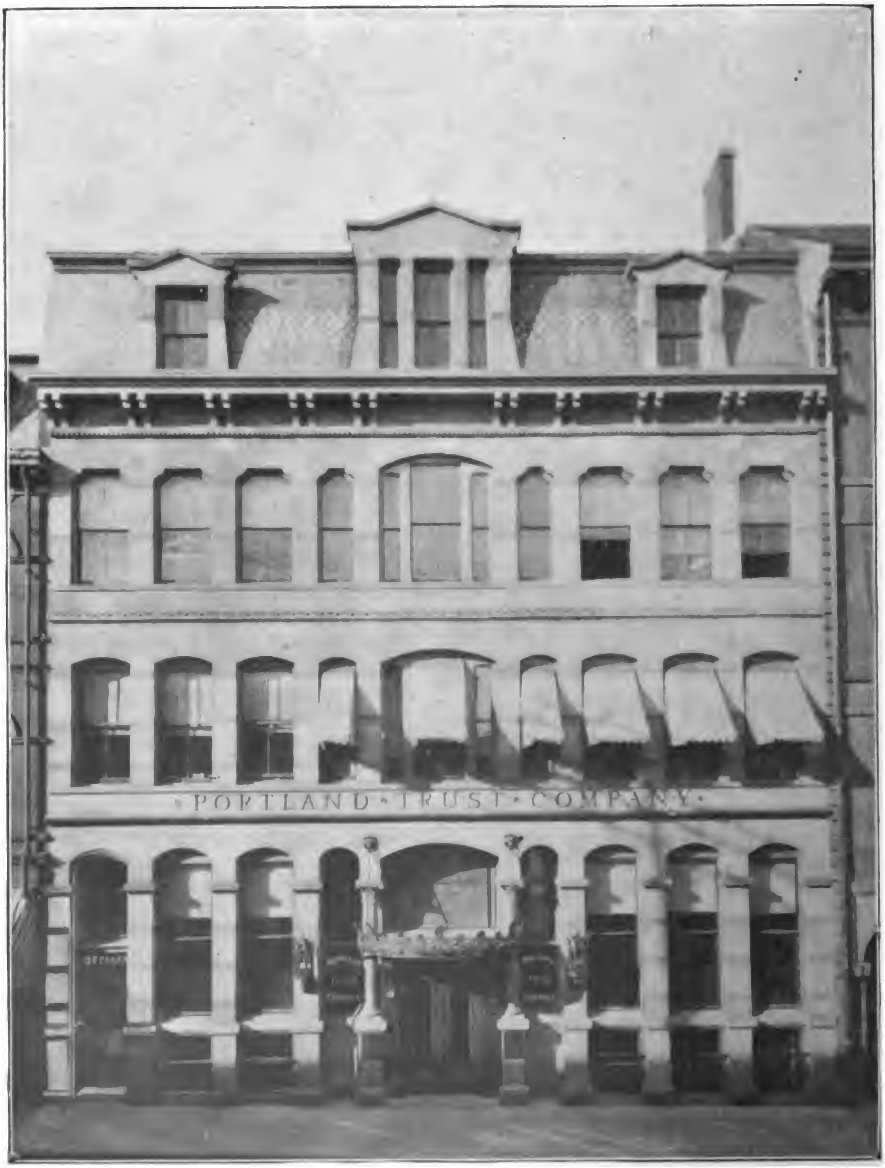
PORTLAND TRUST CO., PORTLAND, ME.

AMONG the notable bank improvements in New England during the past year are the extensive alterations and refitting of the banking-rooms of the Portland Trust Company of Portland, Me. Nearly $100,000 has been expended on the improvements, and the result has been entirely satisfactory to the company and its patrons.

This company is the largest trust company in Maine and when its earned surplus amounted to $500,000, or double its capital of $250,000, it was thought a fitting time to purchase a substantial building and fit it up for its occupancy.

Entering the large counting-room, one is impressed with the elegance and taste displayed in all the arrangements. The public space is enclosed on three sides by counter work of marble and bronze grills, harmonizing effectively with the beauty and solidity of the marble counters.

The space behind the counters for the clerical force is unusually large and well ventilated. It is finished in oak and provided with every convenience, including three telephones and private switchboard. There are



PORTLAND TRUST CO., PORTLAND, ME.

three rooms for the use of the officers, which include the president's room and that of the trustees. There are also two private rooms for consultation. All are finished in dark mahogany and richly carpeted.

BANKING ROOM OF THE PORTLAND TRUST CO., PORTLAND, ME.

THE VAULT—PORTLAND TRUST CO., PORTLAND, ME.

The safe deposit department, established in 1866, is one of the most complete in New England. In the alterations recently completed this department has been entirely refitted and a new vault built, furnished with every known modern safety device.

The capital of the Portland Trust Company is $250,000; surplus $500,000 and deposits over $5,000,000.

The officers are: President, Harry Butler; vice-presidents, Charles O. Bancroft, Walter G. Davis; treasurer and clerk, George H. Richardson; assistant treasurer, Joshua C. Libby.

A VETERAN PITTSBURG BANKER.

ON February 3 Thomas Mellon of Pittsburg, founder of the Mellon fortune, one of the largest in the country, and his wife, Sarah J. Mellon, celebrated their joint birthday.

Mr. Mellon is 94 years old and his wife 90.

Mr. Mellon was born in County Tyrone, Ireland, and was brought to this country in 1818 by his parents. So poor was the family that the boy was denied even a common school education, but he managed to

THOMAS MELLON.

educate himself, studied law and was finally made a judge. He deserted the law, however, and in 1870 founded the Mellon Bank of Pittsburg, which has since become the Mellon National, one of the very large banks of the country.

He became interested in the manufacture of steel, in coal and oil lands and in real estate and amassed an enormous fortune.

A score of years ago he turned his business interests over to his sons, Andrew W., Richard B. and James R. Mellon.

MONEY, TRADE AND INVESTMENTS

New York, March 4, 1907.

A Feeling of Doubt and Depression was manifest in the financial situation during the past month. While dullness ruled at the Stock Exchange and prices of stocks have reached in many cases the lowest figures recorded in years it is in the bond market where the conditions are the most remarkable. There seems to be scarcely any market for bonds at all. The sales in February, less than $32,000,000 were the smallest recorded in that month in over ten years.

Prices of bonds, even of the very best issues, have fallen until bargains for the investor are at every hand, but for some reason or another, buying is not attracted. On the other hand a number of railroad and other corporations find themselves in need of additional capital. The development of railroad and industrial enterprises has been so rapid that the expenditure of new capital has been imperative, and the commitments for the future involve large outlays which can not be avoided now.

In the absence of a market for bonds the corporations have been compelled to adopt the device of borrowing on notes, and one of the most striking features of the month was the number of note issues reported. Early in the month the Rock Island sold $6,500,000 4½ per cent. equipment notes. This was followed by a sale of $6,000,000 one year 6 per cent. notes issued by a branch road of the Delaware and Hudson. The Lackawanna Steel Company sold $5,000,000 two year 5 per cent. notes, the Pennsylvania Railroad $60,000,000 three year 5 per cent. notes, the Interborough Rapid Transit Company $10,000,000 three year 5 per cent. notes, and the Tidewater Railroad $10,000,000 two year 6 per cent. notes. Besides these note issues the Canadian Pacific placed $7,500,000 preferred stock in London and the New York, New Haven and Hartford Railroad floated $28,000,000 4 per cent. debenture bonds in Paris. Since the beginning of the year more than $200,000,000 short term notes have been issued by the railroads. This includes $6,500,000 three year 5 per cent. notes issued by the Louisville and Nashville since the close of February and $5,000,000 issued by the Atlantic Coast Line. The accompanying table shows the principal issues of notes so far in 1907.

As these note issues are only a temporary loan the question of obtaining permanent capital either through the issue of stocks or bonds is merely postponed. Some comment has been heard regarding the maturing of so many notes in the year 1910. One explanation has been made that the presidential election next year may carry in its wake some financial disturbance and that it has been thought best to let the new administration definitely make known its policy before the railroads undertake to finance their notes into more permanent forms of capital.

The railroad situation has taken a less favorable turn. After years of large increases in gross and net earnings, the railroads are beginning to report smaller net earnings even in the face of substantial gains in gross earnings. Never in the history of the railroads have the expenses of operation been higher than at present. Not only is the cost of all kinds of material high, but wages have been increased and railroad employes are now receiving a larger share of the earnings of the roads than ever before. The inquiry which the Interstate Commerce Commission has been conducting and the disclosures made as to the recent methods

	Amount.	*Rate Per Cent.*	*Due.*
Atlanta, Birmingham & Atlantic	$2,000,000	5	1910
Atlantic Coast Line	5,000,000	5	1910
Boston & Maine	3,000,000	5	1908
Chicago & Alton	6,000,000	5	1912
Chicago & Western Indiana	10,000,000	5	1910
Erie	5,000,000	5	1910
Interborough Rapid Transit	10,000,000	5	1910
Lake Shore	15,000,000	5	1910
Louisville & Nashville	6,500,000	5	1910
Michigan Central	10,000,000	5	1910
New York Central	25,000,000	5	1910
New York, New Haven & Hartford	28,000,000	5	1912
Pennsylvania	60,000,000	5	1910
Southern	15,000,000	5	1910
Tidewater	10,000,000	6	1909
Total	$208,500,000		

of financing great corporations have had a disturbing effect. The fact that in a single financial operation a few men controlling a railroad property have been able to make $20,000,000 or more for themselves by the issue of securities representing little if any additional value to the property itself, is not likely to stimulate confidence in the ordinary investor. Criticism of the Interstate Commerce Commission for bringing out the facts rather than of those who are responsible for the acts done is very suggestive of the cry of "stop thief."

While the money situation has developed no new cause of uneasiness, there is still a feeling that it will be some time before money will again be cheap. The Secretary of the Treasury on February 11th offered to purchase at 101½ $25,000,000 of the 4 per cent. bonds maturing July 1, 1907, but only about $1,900,000 were presented for redemption. There are nearly $112,000,000 of these bonds still outstanding, and by calling in the deposits of government funds in the national banks, the secretary is preparing the way to pay off the bonds at maturity. Last month the Treasury added nearly $20,000,000 to the net cash balance while the volume of circulation was reduced $12,000,000. About $10,000,000 was withdrawn from national bank depositaries.

There has been a rapid accumulation of surplus in the United States Treasury since last July. At the close of February the surplus was for the first time in excess of $400,000,000. This includes the $150,000,000 gold reserve now required by law to be maintained against the legal tender notes outstanding. Since July, 1906, the increase in surplus has been $80,000,000. During that period the excess of government revenues over expenditures has been about $55,000,000. The Treasury is therefore once more an active factor in causing a contraction in the currency. The only device available to the government for counteracting this condition, is the deposit of public funds in the national banks. For the last seven months these deposits have been in excess of $100,000,000 and most of the time have been about $150,000,000 or more. On February 28 these deposits were nearly $150,500,000 but there was still left in the Treasury a working balance of nearly $100,000,000. In November, 1904, the Treasury surplus was down to $143,000,000 and the Government had on deposit with the banks $112,000,000, leaving the working balance only $31,000,000.

Since August, 1905, the changes in the cash balance of the Treasury, on deposit in national bank depositaries and in the working balance in the Treasury are shown in the following table:

	Available Cash Balance.	*In National Bank Depositaries.*	*Balance in Treasury.*
August, 1905	$127,597,844	$64,059,171	$63,538,173
September, "	136,823,692	64,618,584	72,205,108
October, "	131,815,288	65,726,312	66,088,976
November, "	135,310,840	65,607,937	69,702,903
December, "	139,780,373	64,764,367	75,016,006
January, 1906	143,885,082	64,343,643	79,541,439
February, "	152,718,086	65,333,464	87,384,622
March, "	159,859,322	76,350,722	83,508,600
April, "	157,126,224	102,918,771	54,207,453
May, "	160,385,376	92,534,755	67,850,621
June, "	178,087,283	93,986,236	84,101,047
July, "	169,963,941	84,480,056	85,483,885
August, "	200,686,875	106,355,219	94,331,656
September, "	221,218,096	134,619,383	86,598,718
October, "	223,300,810	148,975,346	74,325,464
November, "	231,470,287	145,559,438	85,910,849
December, "	238,997,076	158,753,158	80,243,918
January, 1907	244,708,206	160,654,952	84,053,254
February, "	250,154,654	150,486,235	99,668,419

It is evident from the comparison that the Treasury for some time past has been a disturbing element in the money market. It has been drawing millions of dollars out of circulation, and depositing them again in banks. At the present time it is accumulating an increased surplus while reducing the deposits in the bank.

The only currency legislation which has been carried through Congress at the session now closing was embodied in the Aldrich bill. It authorizes the issue of gold certificates in the denomination of $10, the minimum heretofore being $20, and of legal tender notes in denominations of $1, $2 and $5, these notes to be issued in place of higher denominations. The purpose of this provision is to accommodate the increased demand for notes of the smaller denominations.

A second provision authorizes the deposit by the Secretary of the Treasury of customs receipts in national bank depositaries, as well as internal receipts.

The third provision is an amendment to the law which limited the deposit of more than $3,000,000 of lawful money with the Treasurer of the United States in any single month for the purpose of retiring national bank circulation. The limit is now raised to $9,000,000 a month. The high price of government bonds has caused a number of banks to reduce circulation, and it is understood that there are now engagements to deposit lawful money to retire circulation up to the full limit of $3,000,000 a month until next August. The amended law will permit an additional $6,000,000 to be deposited each month, but whether the banks will avail themselves of the privilege is yet in doubt. The amount of money now on deposit to retire circulation is $46,605,649 the largest reported since March 1, 1891 except on January 1st this year when it was $46,882,385. Less than 8 per cent. of the total circulation however is now represented by lawful money deposited, while in 1891 there was 30 per cent. In 1887 even this record was surpassed, at one time more than $107,000,000 was deposited to retire circulation while the total notes outstanding were less than $280,000,000. At that time the Government was calling in its bonds and paying them off at the rate of over $10,000,000 a month, and the banks had some difficulty in replacing their called bonds with older issues.

The following table shows on January 1st of each year since 1897 the amount of circulation secured by government bonds of lawful money on deposit to redeem circulation and of national bank notes outstanding:

	Circulation Secured by U. S. Bonds.	*Lawful Money on Deposit to Redeem Circulation.*	*Total National Bank Notes Outstanding.*
1897	$215,860,307	$19,812,810	$235,673,117
1898	196,146,092	32,868,548	229,014,640
1899	214,016,087	29,801,782	243,817,869
1900	209,759,984	36,517,238	246,277,222
1901	308,294,678	31,846,501	340,141,174
1902	325,009,306	35,280,420	360,289,726
1903	342,127,844	42,801,940	384,929,784
1904	387,273,623	37,889,395	425,163,018
1905	431,841,786	32,952,370	464,794,156
1906	504,842,313	36,072,034	540,914,347
1907	549,280,084	46,882,385	596,162,469

The increase in the deposit of lawful money has not kept pace with the increase in circulation, nor have the deposits except at rare intervals been up to the $3,000,000 limit. It should be noted that the limitation applied only to banks reducing their circulation but continuing in business. It did not include deposits of insolvent or liquidating banks, or of banks whose charters expired and were extended. The latter were required to surrender their old circulation, and this they did by depositing lawful money.

The actual deposits by banks coming within the legal limitation, in each month of the last five years as reported by the Comptroller of the Currency have been as shown in the accompanying table:

In 1902 there were a number of months when the deposits reached the legal maximum, and occasionally this has been the case in other years. Last month the deposits amounted to $2,556,500 or more than in any month since February 1904 excepting in July last year.

The statistics of the national banks as set forth in the summary prepared by the Comptroller of the Currency as of the date January 26, 1907, show some remarkable changes. The last previous statement was for November 12, 1906. Since that time the individual deposits of all

MONTH.	1902.	1903.	1904.	1905.	1906.
January	$2,279,092	$2,687,880	$3,278,210	$70,002	$1,176,160
February	2,986,520	2,194,044	2,900,200	215,000	1,177,785
March	2,980,262	1,280,042	2,474,850	572,237	1,895,600
April	2,999,148	1,407,852	2,100,995	192,297	1,557,847
May	2,357,785	845,650	1,282,652	430,398	2,188,248
June	1,060,871	34,987	222,000	19,347	1,716,017
July	941,000	361,097	109,997	251,150	2,608,400
August	249,540	289,000	2,512,772	991,195	1,419,383
September	2,034,492	2,999,993	283,095	1,276,600	2,475,750
October	2,967,947	853,945	442,117	888,560	735,450
November	630,615	575,000	1,838,550	1,898,400	136,460
December	10,938	1,434,998	605,595	1,020,497	1,719,248
	$21,498,210	$14,964,493	$17,550,033	$7,825,683	$18,806,348

the national banks in the country have fallen off $174,000,000. Loans and discounts however show an increase of $97,000,000. For the twelve months ended January 26, the increase in loans was $392,000,000, the largest ever recorded in any year while the deposits increased only $27,000,000, the smallest increase in many years. The following table shows the changes in deposits and loans since 1900:

FEBRUARY 1.	INDIVIDUAL DEPOSITS.		LOANS.	
	Amount.	*Increase for Year.*	*Amount.*	*Increase for Year.*
1900	$2,481,847,035	$249,653,879	$2,481,579,945	$182,537,998
1901	2,753,969,721	272,122,686	2,814,388,346	332,808,401
1902	2,982,489,300	228,519,579	3,128,627,094	314,238,747
1903	3,159,534,591	177,045,291	3,350,897,744	222,270,650
1904	3,300,619,898	141,085,306	3,469,195,043	118,297,298
1905	3,612,499,598	311,879,700	3,728,166,086	258,971,042
1906	4,088,420,135	475,920,536	4,071,041,164	342,875,078
1907	4,115,650,294	27,230,158	4,463,267,629	392,226,464

In 1905 the deposits increased nearly $476,000,000 which was a high record. The smallest increase in deposits since 1899 with the exception of last year was $141,000,000 in 1903. The increase in loans was $50,000,000 more in 1905 than in 1904 and $60,000,000 more than in 1900, the two years in which the loans made the largest increase. The expansion of loans last year was not where it would ordinarily be looked for. The New York banks show an increase of only about $2,500,000 while San Francisco shows the largest increase, $12,000,000, Pittsburgh following with a gain not quite up to that figure. Chicago increased less than $9,000,000. The Middle West has an increase of $110,000,000, the East of $95,000,000 and the South of $67,000,000. A considerable part of the expansion has been due to the lending by interior banks of money in Wall Street.

The continued organization of large corporations with capital extending into the millions still attracts attention. It is estimated that in February incorporations in the Eastern states with an authorized capital of $1,000,000 or more, represented an aggregate capital of $289,700,000. This with $267,000,000 reported in January makes $557,000,000 in two months. In 1906 the total was over $614,000,000 but in 1905 was only

$215,000,000. The capitalization of smaller incorporations in the month amounted to about $50,000,000 additional. The closeness of the money market is to some extent checking the incorporation of the smaller companies.

The reported sale last month of a Stock Exchange seat at $75,000 is taken as an indication that business at the Stock Exchange is not as prosperous as it was some time ago. Early in 1901 the price reached $80,000 the highest recorded up to that time, but there was a drop to $67,500 about a year later. From that point there was a gradual advance to $82,000 in January, 1903. The panicky conditions in that year caused the price to decline again and in October of that year a seat was sold for $51,000. Subsequent sales were at higher figures until in the autumn of 1905 the record price of $95,000 was made. In June, 1906, the price was again down, touching $78,000. Since then $95,000 was again paid for a seat, but a sale was made at $80,000 not long ago and the most recent figure is $75,000.

THE MONEY MARKET.—At no time during the month was there any indication of stringency although late in the month rates for call money became stiffer and ruled at 5@6 per cent. There is no prospect at present of very easy money, and the railroads will probably prove an important factor in keeping the money market firm. There has been a fractional decrease in rates for time loans but this branch of the market is not particularly encouraging to would be borrowers. At the close of the month call money ruled at 5¼@6 per cent., with the majority of loans at 5¾ per cent. Banks and trust companies loaned at 4 per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 5¼ per cent. for sixty to ninety days, 5¼@5½ per cent. for four months, and 5½@5¾ per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 5¾@6 per cent. for sixty to ninety days' endorsed bills receivable, 5¾@6 per cent. for first-class four to six months' single names, and 6½ per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Oct. 1.	*Nov. 1.*	*Dec. 1.*	*Jan. 1.*	*Feb. 1.*	*Mar. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances........	4½—7	6 —9	6 —27	6 —40	1¾—3½	5¼—6
Call loans, banks and trust companies........	3 —	3 —	4 —	4 —	2 —	4 —
Brokers' loans on collateral, 30 to 60 days........	7 —	7 —	7½—	6½-7	5¼— ½	5¼—
Brokers' loans on collateral, 90 days to 4 months........	7 — ½	6 —7	7 — ½	6½—7	5½—	5¼— ⅛
Brokers' loans on collateral, 5 to 7 months........	6½— ¾	6 —	6 — ½	6 — ½	5½— ¾	5½— ¾
Commercial paper, endorsed bills receivable, 60 to 90 days........	6½—7	6 — ½	6 — ½	6 — ½	5¾—6¼	5¾—6
Commercial paper, prime single names, 4 to 6 months........	6½—7	6 — ½	6 — ½	6 — ½	5¾—6¼	5¾—6
Commercial paper, good single names, 4 to 6 months........	7½—	6½-7	6½—7	6½—7	6½—	6½—

NEW YORK BANKS.—The large increase in deposits in January was partly offset by a decrease in February. In the two months there was a very wide swing in the volume of deposits. Between December 29 and February 2 the increase was $95,000,000 or a weekly average of $19, 000,000 while in the four weeks ended March 2, there was a decrease of $38,000,000 or an average of $9,500,000 per week. Deposits now are about $9,000,000 more than they were a year ago while a similar comparison of the loans shows an increase of $38,000,000. Loans increased almost continuously since the close of the year until February 9th recording a total increase of $66,000,000 but in the last three weeks they were reduced $20,000,000. Loans now exceed deposits by nearly $41,000,000. On February 2d the excess of loans was $21,000,000 and on December 29 last $51,000,000. A year ago loans were only $11,000,000 more than the deposits while two years ago the deposits were $55,000,000 larger than the loans. Reserves have been low during the entire month, the surplus reserve fluctuating between $3,000,000 and $4,000,000 and at the close of the month standing at $3,857,000.

New York City Banks—Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
Feb. 2...	$1,097,837,500	$197,800,300	$84,018,800	$1,076,720,000	$12,634,100	$53,185,400	$2,112,005,500
" 9...	1,099,356,400	190,382,100	79,354,400	1,065,562,500	3,345,875	53,334,800	1,940,536,200
" 16...	1,092,061,000	192,167,500	76,650,100	1,057,546,200	4,431,050	53,194,300	1,750,303,500
" 23...	1,083,460,400	190,145,800	75,419,200	1,045,021,700	4,309,575	53,004,500	1,581,598,400
Mar. 2...	1,079,185,600	189,065,200	74,401,400	1,038,431,800	3,857,650	52,787,200	1,987,461,000

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1905.		1906.		1907.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April..........	1,138,661,300	8,664,575	1,004,290,500	5,131,270	....	....
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	....	....
June...........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	....	....
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	....	....
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	....	....
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	....	....
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,350	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

Non-Member Banks—New York Clearing-House.

Dates.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. banks.	Surplus Reserve.
Jan. 26.....	$131,682,200	$141,015,400	$5,864,400	$7,478,400	$13,140,700	$6,372,300	* $2,398,050
Feb. 2.....	131,065,200	142,147,400	5,855,000	7,192,600	14,428,200	6,914,000	* 1,147,050
" 9.....	130,179,000	142,557,100	5,856,700	7,327,500	15,259,500	7,291,800	* 95,725
" 16.....	131,945,600	145,115,000	6,008,600	7,977,500	15,947,800	6,407,200	62,350
" 23.....	132,865,000	143,436,800	6,029,000	7,656,000	15,179,000	5,587,200	* 1,407,100

* Deficit.

Boston Banks.

Dates.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
Jan. 26........	$184,705,000	$218,801,000	$18,561,000	$5,527,000	$8,454,000	$179,246,700
Feb. 2........	187,810,000	218,426,000	18,935,000	4,922,000	8,479,000	172,152,300
" 9........	187,751,000	216,348,000	18,069,000	4,321,000	8,461,000	169,783,900
" 16........	185,446,000	213,901,000	17,336,000	4,450,000	8,504,000	173,998,000
" 23........	185,031,000	211,328,000	16,691,000	4,141,000	8,479,000	148,360,000

Philadelphia Banks.

Dates.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings
Jan. 26..................	$219,085,000	$253,041,000	$59,776,000	$13,912,000	$144,000,600
Feb. 2..................	220,795,000	253,245,000	58,462,000	13,914,000	155,602,400
" 9..................	221,417,000	245,663,000	55,056,000	13,868,000	132,656,000
" 16..................	223,328,000	252,226,000	55,569,000	13,867,000	123,350,900
" 23..................	223,864,000	256,204,000	55,331,000	13,813,000	108,274,200

Foreign Banks.—The principal European banks gained gold in February. The Bank of England shows an increase of $12,000,000, the Bank of Germany $10,000,000 and the Bank of Russia of $5,000,000. The Bank of France lost nearly $2,000,000. The latter has about $50,000,000 less gold than it held a year ago, while Russia has increased in holding $120,000,000.

Gold and Silver in the European Banks.

	January 1, 1907.		February 1, 1907.		March 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England............	£29,064,478	....	£34,249,496	....	£36,729,623	....
France.............	108,230,047	£39,946,631	105,837,120	£39,427,680	105,472,703	£39,393,339
Germany...........	27,588,000	9,196,000	32,532,000	10,844,000	34,656,000	11,552,000
Russia..............	117,904,000	4,681,000	118,051,000	4,735,000	119,084,000	5,409,000
Austria-Hungary..	46,609,000	11,751,000	46,590,000	12,044,000	46,409,000	12,229,000
Spain...............	15,368,000	24,253,000	15,405,000	24,434,000	15,412,000	24,613,000
Italy...............	31,888,000	4,594,100	32,196,000	4,760,100	32,568,000	4,942,400
Netherlands.......	5,536,000	5,755,800	5,541,300	5,760,100	5,544,500	5,828,300
Nat. Belgium......	3,415,333	1,707,667	3,284,000	1,642,000	3,306,000	1,653,000
Sweden.............	3,956,000	....	3,998,000	....	4,108,000	....
Totals..........	£389,558,858	£101,885,198	£397,683,716	£103,646,880	£403,289,826	£105,620,039

Foreign Exchange.—The market for sterling exchange soon after the beginning of the month developed considerable weakness and rates are lower than they were a week ago. The principal influence was the purchase of American securities abroad and the negotiations of short

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
Feb. 2...........	4.8065 @ 4.8075	4.8450 @ 4.8460	4.8525 @ 4.8535	4.80 @ 4.80⅛	4.79⅛ @ 4.80⅝
" 9...........	4.8065 @ 4.8075	4.8465 @ 4.8475	4.8530 @ 4.8540	4.80¼ @ 4.80⅜	4.79⅝ @ 4.80¾
" 16...........	4.8025 @ 4.8035	4.8440 @ 4.8450	4.8515 @ 4.8525	4.79¾ @ 4.80	4.79¼ @ 4.80½
" 23...........	4.8030 @ 4.8040	4.8450 @ 4.8460	4.8520 @ 4.8530	4.80 @ 4.80⅛	4.79⅜ @ 4.80⅝
Mar. 2...........	4.8030 @ 4.8040	4.8460 @ 4.8465	4.8530 @ 4.8540	4.80⅛ @ 4.80¼	4.79⅜ @ 4.80¾

time loans by the railroads. There was no movement of gold although early in the month there were reports of gold engagements in London for New York.

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	Nov. 1.	*Dec. 1.*	*Jan. 1.*	*Feb. 1.*	*Mar. 1.*
Sterling Bankers—60 days	4.80⅝– ½	4.80¾–81	4.78¼– ½	4.80½– ⅝	4.80⅜– ½
" " Sight	4.85½– ⅝	4.85½– ⅝	4.83⅜– ½	4.84⅝– ¾	4.84⅝– ¾
" " Cables	4.86⅝– ¾	4.86⅜– ½	4.84⅜– ½	4.85⅜– ½	4.85⅜– ½
" Commercial long	4.80 – ⅛	4.80¼– ⅜	4.79 – ¼	4.80⅛– ¼	4.80⅛– ¼
" Docu'tary for paym't.	4.79⅜–81	4.79⅝– 1⅛	4.78½–79	4.79½–80¾	4.79¼– ¾
Paris—Cable transfers	5.18⅛–	5.18¾–	5.21¼–20⅝	5.19⅜–18¾	5.20⅝–
" Bankers' 60 days	5.22½–21⅞	5.22½–	5.25⅝–25	5.23⅛–22½	5.24⅜–23¾
" Bankers' sight	5.19⅜–18¾	5.19⅜–	5.21⅞–¼	5.20 5/16–	5.21¼–
Swiss—Bankers' sight	5.18¾–	5.19⅜–18¾	5.22½–	5.20⅝– 1/16	5.20⅝– 1/16
Berlin—Bankers' 60 days	93⅞–94	95 13/16–93 11/16	93½– ⅝	93 13/16– 15/16	93⅝– ¾
" Bankers' sight	94 11/16– ¾	94¾– 13/16	94⅛ – ¼	94½– ⅝	94 7/16– 9/16
Belgium—Bankers' sight	5.21⅞– ¼	5.21⅞– ¼	5.24⅜–	5.21⅞– ¼	5.22½–21⅞
Amsterdam—Bankers' sight	40 – 1/16	40 – 1/16	39 15/16– ⅞	40 – 1/16	39¾– 13/16
Kronors—Bankers' sight	26⅝– ¾	26¾– ⅞	26⅜– ⅝	26⅝– ⅞	26⅝– ⅞
Italian lire—sight	5.17½–	5.18¾ – ⅛	5.21¼–20⅝	5.19⅜–	5.21¼–

MONEY RATES ABROAD.—The Imperial Bank of Russia reduced its rate of discount on February 7 from 7 to 6½ per cent., the only change reported in the posted rates of any of the leading banks. Open market rates are fractionally higher except in Paris where there has been a decline. Discounts of sixty to ninety-day bills in London at the close of the month were 4¾ per cent., against 4⅝ per cent. a month ago. The open market rate at Paris was 2⅞ per cent., against 3@3⅛ per cent. a month ago, and at Berlin and Frankfort 4⅞@5 per cent., against 4½ per cent. a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	Nov. 30, 1906.	*Dec. 31, 1906.*	*Jan. 31, 1907.*	*Feb. 28, 1907.*
Circulation (exc. b'k post bills)	£27,761,000	£28,795,680	£27,858,000	£27,885,000
Public deposits	8,304,000	6,928,752	9,121,000	14,980,000
Other deposits	44,218,000	39,408,200	42,239,000	42,741,000
Government securities	15,459,000	15,457,516	15,458,000	15,454,000
Other securities	31,369,000	34,123,388	29,241,000	33,230,000
Reserve of notes and coin	23,614,000	18,718,855	24,840,000	27,294,000
Coin and bullion	33,263,144	28,064,478	34,249,496	36,729,632
Reserve to liabilities	44.92%	37.13%	48.31%	47.22%
Bank rate of discount	6%	6%	5%	5%
Price of Consols (2½ per cents.)	8 ⅜	86 1/16	87	87
Price of silver per ounce	32d.	32⅝d.	31½d.	32⅛d.

SILVER.—The price of silver in London was firm during the month and gradually advanced from 31½ to 32⅛ pence per ounce, the highest quotation being recorded on the last day of the month.

MONTHLY RANGE OF SILVER IN LONDON—1905, 1906, 1907.

MONTH.	*1905.* High	*1905.* Low.	*1906.* High	*1906.* Low.	*1907.* High	*1907.* Low.	MONTH.	*1905.* High	*1905.* Low	*1906.* High	*1906.* Low.	*1907.* High	*1907.* Low.
January..	28⅜	27 9/16	30¼	29 11/16	32 7/16	31¼	July......	27 5/16	26⅞	30 7/16	29 13/16	....	....
February	28 5/16	27⅝	30 13/16	30⅛	32⅛	31½	August ..	28¾	27⅛	30 13/16	29⅞	....	....
March....	27 11/16	25 13/16	30 7/16	29	....	....	Septemb'r	28¾	28	31¾	30 13/16	....	....
April.....	26⅝	25 7/16	30 9/16	29⅝	....	....	October..	28 13/16	28⅜	32 9/16	31 11/16	....	....
May......	27 9/16	26⅛	31⅜	30 9/16	....	....	Novemb'r	30 5/16	28 13/16	33⅛	32	....	....
June.....	27⅛	26¾	31 3/16	29⅝	....	....	Decemb'r	30 5/16	29⅜	32 5/16	31 9/16	....	....

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.85	4.88	Mexican 20 pesos	19.50	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.53⅝	.54⅝
Twenty-five pesetas	4.78	4.82	Peruvian soles	.48½	.52
Spanish doubloons	15.50	15.65	Chilian pesos	.48½	.52

Bar silver in London on the first of this month was quoted at 32⅛d. per ounce. New York market for large commercial silver bars, 69⅝ @ 71¼c. Fine silver (Government assay), 70⅝ @ 71⅝c. The official price was 69⅛c.

NATIONAL BANK CIRCULATION.—There was an increase in the amount of national bank issues of $145,453 in February, although the amount of government bonds deposited to secure circulation was reduced about $300,000. The securities on deposit to secure government deposits in national bank depositaries were reduced nearly $12,000,000. There was a decrease in municipal, state and railroad bonds of nearly $18,000,000, leaving about $6,000,000 increase in other securities. The national banks now hold to secure circulation and public deposits $549,000,000 of the $595,000,000 2 per cent. bonds and $29,666,000 of the $30,000,000 Panama Canal bonds outstanding.

NATIONAL BANK CIRCULATION.

	Nov. 30, 1906.	*Dec. 31, 1906.*	*Jan. 31, 1907.*	*Feb. 28, 1907.*
Total amount outstanding	$593,380,519	$596,162,469	$597,197,569	$596,343,022
Circulation based on U. S. bonds	546,981,447	549,280,084	549,698,574	549,737,373
Circulation secured by lawful money	46,399,102	46,882,385	46,498,995	46,605,649
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	26,659,150	27,054,650	27,682,500	28,379,250
Four per cents. of 1925	6,261,400	6,432,400	6,636,900	7,329,900
Three per cents. of 1908-1918	4,027,100	4,193,960	4,352,220	4,398,020
Two per cents. of 1930	495,994,100	496,751,250	497,788,350	495,820,700
Panama Canal 2 per cents	16,809,080	16,831,580	16,793,580	17,028,080
Total	$549,750,820	$551,263,840	$553,253,550	$552,955,950

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $10,731,000; 4 per cents. of 1925, $5,326,750; 3 per cents. of 1908-1918, $6,230,500; 2 per cents. of 1930, $53,895,200; Panama Canal 2 per cents. $12,638,000; District of Columbia 3.65's, 1924, $961,000; Hawaiian Islands bonds. $1,621,000; Philippine loan, $9,697,000; state, city and railroad bonds, $57,516,182; a total of $158,616,632.

GOVERNMENT REVENUES AND DISBURSEMENTS.—The government receipts in February exceeded the expenditures by $8,205,000, making a surplus for the eight months of the current fiscal year nearly $41,000,000, as compared with $1,100,000 during the same period in 1906. The customs receipts are at the rate of nearly $1,000,000 a day and in February exceeded $27,500,000. In the eight months ended February 28th the customs receipts were $221,547,000, an increase of $21,000,000

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	*Feb., 1907.*	*Since July 1, 1906.*
Customs	$27,553,802	$221,547,120
Internal revenue	20,505,201	179,202,240
Miscellaneous	5,866,493	36,874,754
Total	$53,925,496	$437,624,114
Excess of receipts	$8,205,181	$40,666,348

EXPENDITURES.

Source.	*Feb., 1907.*	*Since July 1, 1906.*
Civil and mis	$10,082,874	$86,417,044
War	7,595,822	72,280,650
Navy	6,501,700	63,715,699
Indians	1,009,114	10,873,469
Pensions	13,460,179	94,480,524
Public works	5,979,659	48,799,918
Interest	1,090,967	20,390,462
Total	$45,720,315	$396,957,766

over those of 1906, the internal revenue receipts were $179,000,000 an increase of nearly $13,000,000, and miscellaneous receipts $36,000,000, an increase of $8,000,000. The total increase in revenues is about $42,000,000, while expenditures have increased only about $2,000,000.

United States Public Debt.—There was a very small decrease in the public debt notwithstanding the effort of the Secretary of the Treasury to anticipate the payment of the 4 per cent. bonds maturing on July 1st. next. The offer of the secretary to redeem these bonds at 101½ resulted in the retirement to March 1st of only $1,921,000 and there are still outstanding $111,700,000. Of these the national banks hold $28,379,000 to secure circulation and $10,731,000 to secure public deposits, or about $39,000,000 altogether. There was a decrease of $6,000,000 in gold certificates outstanding and of $4,000,000 in silver certificates. The total cash assets decreased $500,000 and demand liabilities $6,000,000. The balance in the Treasury increased $5,000,000 and now exceeds $400,000,000. The net debt less cash in the Treasury was reduced $6,800,000, the total on March 1st being $920,644,000. Since November 1st there has been a reduction in the net debt of $31,500,000.

United States Public Debt.

	Dec. 1, 1906.	*Jan. 1, 1907.*	*Feb. 1, 1907.*	*Mar. 1, 1907.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent.	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,550	114,314,300	113,617,050	111,696,800
Refunding certificates, 4 per cent.	25,930	25,870	25,800	25,500
Loan of 1925, 4 per cent.	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent.	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$925,159,190	$922,717,830	$922,020,560	$920,099,510
Debt on which interest has ceased	1,118,975	1,118,765	1,095,745	1,095,695
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	45,922,015	46,632,672	45,434,571	46,005,527
Fractional currency	6,865,237	6,865,237	6,865,237	6,864,477
Total non-interest bearing debt	$399,521,550	$400,232,208	$399,034,106	$399,604,302
Total interest and non-interest debt.	1,325,799,716	1,324,068,853	1,322,150,412	1,320,799,508
Certificates and notes offset by cash in the Treasury:				
Gold certificates	628,059,869	639,114,869	652,570,869	646,082,869
Silver certificates	477,203,000	476,256,000	475,642,000	471,993,000
Treasury notes of 1890	6,827,000	6,616,000	6,488,000	6,385,000
Total certificates and notes	$1,112,089,869	$1,121,986,869	$1,134,700,869	$1,124,460,869
Aggregate debt	2,437,889,585	2,446,055,722	2,456,851,281	2,445,260,377
Cash in the Treasury:				
Total cash assets	1,606,369,796	1,628,974,834	1,636,074,417	1,635,484,485
Demand liabilities	1,224,899,509	1,239,977,758	1,241,366,211	1,235,329,830
Balance	$381,470,287	$388,997,076	$394,708,206	$400,154,654
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	231,470,287	238,997,076	244,708,206	250,154,654
Total	$381,470,287	$388,997,076	$394,708,206	$400,154,654
Total debt, less cash in the Treasury	944,329,429	935,071,777	927,442,206	920,644,854

Foreign Trade.—The exports of merchandise in January amounted to $189,000,000, exceeding the record made in January, 1906, by $19,000,000. The imports were $126,000,000 or $20,000,000 more than in 1906, making the balance of net exports $62,683,285 as compared with $64,081,528 in 1906. In the four months ended January 31st the total exports have aggregated nearly $750,000,000, record never before made. Compared with the same period last year there is an increase of about $55,000,000. Imports during the same time have also surpassed all previous records, aggregating $500,000,000, as compared with $413,000,000 in 1905-6. For the seven months of the fiscal year the exports amounted to $1,129,000,000, an increase over the previous year of $73,000,000, while the imports were $809,730,000, an increase of $114,000,000. There was a small net output of gold in January, $761,000. while the silver exports were $1,145,000, less than one-half those of January last year.

Exports and Imports of the United States.

Month of January.	Merchandise.				Gold Balance.		Silver Balance.	
	Exports.	*Imports.*	*Balance.*					
1902	$129,145,180	$79,138,192	Exp.,	$50,006,988	Exp.,	$567,888	Exp.,	$2,416,829
1903	133,992,289	85,174,786	"	48,817,483	Imp.,	1,924,900	"	2,083,395
1904	142,045,170	82,589,866	"	59,455,304	"	7,633,941	"	2,377,522
1905	123,597,383	98,342,876	"	25,254,507	Exp.,	14,932,477	"	2,442,543
1906	170,603,053	106,521,525	"	64,081,528	"	8,135,956	"	2,829,957
1907	189,260,250	126,576,965	"	62,683,285	Imp.,	761,016	"	1,145,986
Seven Months.								
1902	872,668,418	526,116,998	Exp.,	346,551,420	Imp.,	9,973,309	Exp.,	13,609,169
1903	856,482,039	598,149,514	"	258,332,525	"	17,176,519	"	14,646,048
1904	929,146,344	565,339,684	"	363,806,660	"	45,914,990	"	11,489,311
1905	901,190,026	625,914,513	"	275,275,513	Exp.,	30,655,403	"	13,896,647
1906	1,056,624,825	695,724,641	"	360,900,184	Imp.,	23,585,119	"	14,496,081
1907	1,129,662,956	809,730,207	"	319,932,749	"	78,704,174	"	8,114,837

Money in Circulation in the United States.—There was $12,000,000 withdrawn from circulation in February, equivalent to a decrease of 19 cents per capita. The decrease is principally in gold certificates, $16,000,000, most of the other forms of currency showing an increase.

Money in Circulation in the United States.

	Dec. 1, 1906.	*Jan. 1, 1907.*	*Feb. 1, 1907.*	*Mar 1, 1907.*
Gold coin	$685,974,422	$692,623,564	$695,539,841	$692,895,812
Silver dollars	84,211,919	85,377,835	83,173,040	82,917,781
Subsidiary silver	122,261,710	124,120,938	120,408,163	120,773,109
Gold certificates	572,972,119	580,395,199	617,564,689	601,459,399
Silver certificates	470,118,583	467,817,025	462,936,189	464,622,489
Treasury notes, Act July 14, 1890	6,811,576	6,600,829	6,473,540	6,367,091
United States notes	343,260,322	341,908,353	338,559,724	338,927,518
National bank notes	583,463,604	585,056,585	578,246,907	582,758,023
Total	$2,869,074,255	$2,883,900,328	$2,902,902,098	$2,890,721,222
Population of United States	85,249,000	85,367,000	85,484,000	85,602,000
Circulation per capita	$33.66	$33.78	$33.96	$33.77

Money in the United States Treasury.—The total money in the Treasury increased nearly $6,000,000, but a reduction of $14,000,000 in certificates outstanding caused an increase in the net cash in the Treasury of nearly $20,000,000. The net gold in the Treasury was increased $25,000,000 and now exceeds $310,000,000.

MONEY IN THE UNITED STATES TREASURY.

	Dec. 1, 1906.	Jan. 1, 1907.	Feb. 1, 1907.	Mar. 1, 1907.
Gold coin and bullion	$890,924,490	$894,394,821	$902,576,266	$912,076,615
Silver dollars	484,039,611	482,873,695	485,078,490	485,333,749
Subsidiary silver	3,893,072	3,720,430	7,066,315	7,361,332
United States notes	3,420,694	4,772,663	8,121,292	7,753,498
National bank notes	9,916,945	11,105,884	17,950,662	13,584,999
Total	$1,392,194,812	$1,396,867,493	$1,420,793,025	$1,426,110,193
Certificates and Treasury notes, 1890, outstanding	1,049,902,278	1,054,813,053	1,086,974,418	1,072,448,979
Net cash in Treasury	$342,292,534	$342,054,440	$333,818,607	$353,661,214

SUPPLY OF MONEY IN THE UNITED STATES.—The stock of money in the country increased $7,600,000 in February, the gains being $6,800,000 in gold, $600,000 in fractional silver and about $150,000 in national bank notes.

SUPPLY OF MONEY IN THE UNITED STATES.

	Dec. 1, 1906.	Jan. 1, 1907.	Feb. 1, 1907.	Mar. 1, 1907.
Gold coin and bullion	$1,576,898,912	$1,587,018,385	$1,598,116,107	$1,604,972,427
Silver dollars	568,251,530	568,251,530	568,251,530	568,251,530
Subsidiary silver	126,154,782	127,841,368	127,474,478	128,134,441
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	593,380,549	596,162,469	596,197,569	596,343,022
Total	$3,211,366,789	$3,225,954,766	$3,236,720,700	$3,244,382,436

OUR NORTHERN AND SOUTHERN NEIGHBORS.

IF any proof were wanting as to the progress of Latin-American trade and the growth of European commerce with the gulf, says the Wall Street Journal, the following figures should convince that the southern states are strengthening their foreign trade connections in every available direction. Between 1902 and 1906 more than $100,000,000 increase was made, and the gulf exports in 1906 were double what they were in 1897.

Another direction of improvement is the northern border and lake. Our migration to Canada and the growth of European immigration to the Canadian northwest have been taken advantage of by the cities on and near the Great Lakes to push their trade in that quarter. There has been a steady growth from year to year so that between 1899 and 1906 the lake and border exports doubled. For the seven months under review, $111,000,000 of commerce have gone out in this direction against $99,000,000 last year and $86,000,000 the year before. The exports for the fiscal year ending June 30, 1906 were nearly $177,000,000 with imports of $98,000,000 by the same route.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—New York Chapter of the American Institute of Bank Clerks had its annual banquet at the Hotel Astor on the evening of February 7. Newton D. Alling of the Nassau Bank, chairman of the chapter, presided, and in inaugurating the speaking interestingly reviewed the work of the chapter. Other speakers were: Hon. Robert B. Armstrong, former Assistant Secretary of the Treasury, and now president of the Casualty Company of America, New York; Creswell MacLaughlin, editor of "The Schoolmaster;" and Wm. C. Cornwell.

There was a very large attendance of the bank clerks and bankers of the city, and the banquet was most enjoyable, in all respects. The pleasures of the excellent menu were supplemented by music by an orchestra and a male quartette.

—E. R. Thomas has been elected president of the Hamilton Bank, and Wm. R. Montgomery, vice-president.

—F. Augustus Heinze, who was recently elected president of the Mercantile National Bank, has also become a director of the Mechanics and Traders' Bank, control of which was obtained a short time ago by the Union Bank of Brooklyn.

—Charles H. Sabin, vice-president of the National Commercial Bank, the largest in Albany, will be president of the National Copper Bank of New York city, which will begin business on May 1. The bank will represent the great copper interests of the country, being controlled by such men as Thomas F. Cole, John D. Ryan, Mr. Broughton, a son-in-law of H. H. Rogers, and men identified with the United States Steel Corporation. Its capital and surplus will be $4,000,000 or $5,000,000.

Mr. Sabin was born in Williamstown, Mass., on Aug. 24, 1868. In 1891 he became teller in the Park Bank of Albany and later cashier. In 1898 he was made cashier of the Albany City Bank, and when this institution was merged with the National Commercial, he went to the enlarged bank as vice-president. Mr. Sabin has served as president of the New York State Bankers' Association.

—Edward M. Bulkley of the banking firm of Spencer, Trask & Co., has been elected a director of the Bankers' Trust Company.

The Fourteenth Street Bank has decided to increase its capital from $500,000 to $1,000,000.

—At the annual election of the American Bank Note Company, February 28, D. E. Woodhull and Joseph Fleming were elected additional vice-presidents. The following officers were re-elected: President, Warren L. Green; secretary, F. K. Johnson; treasurer, Charles L. Lee; assistant secretary and treasurer, George H. Danforth. The new board of trustees will consist of Theo. H. Freelan, chairman; Phineas C. Lounsbury, Edmund C. Converse, Francis L. Potts, Warren L. Green, Andrew V. Stout and A. Jaretzki.

—It is announced that the Astor National Bank and the New Netherlands Trust Company are to be consolidated as the Astor Trust Company, and will occupy the banking offices at 389 Fifth avenue, with $1,250,000 capital. Some of the best-known bankers and merchants of the city are on the boards of the two institutions. The Astor National Bank was organized in 1898, and has been remarkably successful. The New Netherlands Trust Company was but recently incorporated.

—Hon. Leslie M. Shaw, formerly Secretary of the Treasury, was recently elected president of the Carnegie Trust Company of New York city, succeeding Chas. C. Dickinson, who organized the company. He will hereafter be first honorary vice-president. An increase of the company's capital to $1,500,000 has been issued, with $750,000 paid-in surplus. Frederick Lewisohn of Lewisohn Bros., was recently elected a director of the company.

—The stockholders of the Irving National Bank and the New York National Exchange Bank, have approved the consolidation of the two as the Irving National Exchange Bank. The new bank occupies the premises of the New York National Exchange Bank on the southwest corner of West Broadway and Chambers street. The capital is $2,000,000, surplus $1,000,000, and total resources will exceed $24,000,000.

The officers are: Lewis E. Pierson, president; James E. Nichols and Charles L. Farrell, vice-presidents; B. F. Werner, cashier; and H. G. Penny, assistant cashier.

The directors, consisting of the combined boards of the two companies, are: Robert B. Armstrong, William H. Barnard, M. M. Belding, Jr., William C. Breed, Warren Cruikshank, James M. Donald, Charles L. Farrell, William Halls, Jr., Charles R. Hannan, Lee Kohns, John G. Luke, Gerrish H. Milliken, Daniel P. Morse, James E. Nichols, Lewis E. Pierson, William J. Rogers, Edwin H. Sayre, John H. Seed, William A. Tilden, Gustav Vintschger, Theodore F. Whitmarsh, Daniel W. Whitmore, Frank W. Woolworth.

—Interests identified with the Brooklyn Bank and the Borough Bank are completing the organization of the International Trust Co., to begin business about May 1, at Broadway and Fulton street.

—The Nineteenth Ward Bank has purchased 152 and 154 East Thirty-fourth street, where it will erect a handsome building and open a branch bank. Under the present management the deposits of the Nineteenth Ward Bank have increased in four years from $1,500,000 to $5,000,000.

—Messrs. Wm. P. Chapman, Jr., and George W. Young have recently resigned from the directorate of the Thirty-Fourth Street National Bank, and Messrs. Louis K. Liggett of the United Drug Co., H. A. Biggs of the Hampton Advertising Co., Wm. C. Bolton of the Riker Drug Co. and J. Adams Brown have been added to the board. Mr. Brown, who has also been elected vice-president of the bank, is a well-known Boston bank man. He organized the Washington Trust Co. of Boston, a successful institution, lately merged with the Beacon Trust Co. of that city.

NEW ENGLAND STATES.

—Bank Commissioner Jay, in his recent report on the trust companies of Massachusetts, shows that on January 26 last, the total deposits of those institutions were $169,318,736.

—The Chelsea (Mass.) Trust Company, recently organized, and the Winnisimmet National Bank of Chelsea have consolidated under the name of the New Trust Company. The Chelsea Trust Company is capitalized for $250,000, and George W. Moses is president. It has deposits of about $1,000,000.

MIDDLE STATES.

—A banquet of Group One of the Pennsylvania Bankers' Association was held at the Bellevue-Stratford, Philadelphia, on the evening of February 27.

Among the prominent guests were President James McCrea of the Pennsylvania Railroad, President George F. Baer of the Reading Railroad, United States Treasurer Charles H. Treat, Assistant Treasurer Joseph Bosler, Assistant Secretaries of the Treasury H. H. Edwards and J. B. Reynolds, Congressmen Cousins of Iowa and Landis of Indiana, James M. Donald, vice-president of the Hanover National Bank, New York; G. S. Whitson, chairman of the American Bankers' Association and vice-president of the National City Bank, New York; Thomas P. Beal, president Second National Bank, Boston; W. J. Flather, vice-president Riggs National Bank, Washington; Joseph R. Paull, vice-president Bank of Pittsburg National Association, Pittsburg.

Among the toasts responded to were: Robert G. Cousins, "Alexander Hamilton;" Job B. Hedges, New York, "Political Responsibilities of Financial Institutions;" Congressman Charles B. Landis, "Cheerful View of Things."

—In consequence of a rule adopted by the Baltimore Clearing-House Association, limiting the banking hours of its members from 9 or 10 A. M. to 3 P. M., the Third National Bank, which has been an "all-night" bank, will hereafter observe the usual banking hours.

—The "Public Ledger" of February 7 contained an interesting article on the "Growth of Banking in Philadelphia," from which the following information is taken:

National Banks—Capital, 1896, $21,965,000; 1906, $22,305,000. Surplus and profits, 1896, $17,873,000; 1906, $34,293,000. Gross deposits, 1896, $111,845,000; 1906, $285,137,000.

Trust Companies, Savings and State Banks—Capital, 1896, $31,083,000; 1906, $41,461,000. Surplus and profits, 1896, $27,244,000; 1906, $64,746,000. Gross deposits, 1896, $139,099,000; 1906, $315,898,000.

The trust companies now number fifty-two as against forty in operation in 1896, this increase of twelve together with eight old companies that have gone out of business, making twenty companies reporting as of November 26 last which were not in business in 1896. The State banks are the same in number, while there is one less savings bank. The number of national banks is five less than in 1896, notwithstanding that three new banks have been organized since that year.

—For the accommodation of its depositors the Baltimore Trust Company will remain open evenings until 10 o'clock, and longer if necessary.

—Philip Doerr, president of the National Security Bank of Philadelphia, has been elected vice-president of the Warwick Iron and Steel Co.

—The Standard Trust Company of Philadelphia, recently organized, will have employees who are all stockholders. The capital is $150,000.

—The Hackettstown (N. J.) National Bank, of which Mr. Henry W. Whipple is cashier, is planning to extensively remodel and modernize its banking rooms. This bank has recently begun the payment of 3 per cent. interest on deposits.

SOUTHERN STATES.

—The People's National Bank of Winston-Salem, N. C., voted recently to increase its capital from $200,000 to $300,000. Its surplus is $50,000 and deposits $750,000.

—There was a strong demand for the increased stock of the new Bank of Richmond, Va., the new stock being sold at 110. This bank will have $1,000,000 capital and $500,000 surplus.

—After one year's business the Central Bank and Trust Corporation of Atlanta reports, on February 5, 1907: Deposits, $1,907,143; capital, $500,000; surplus and profits, $50,369; total resources, $2,457,512.

The company has every facility for conducting a modern trust company and banking business, including a savings department and safe-deposit vaults, and the figures show that it is meeting with marked success. Its officers include leading men of the state. They are: President, Asa G. Candler; vice-presidents, W. H. Paterson and Jno S. Owens; cashier, A. P. Coles; assistant cashier, Wm. D. Owens.

—The Trust Company of Georgia, of Atlanta, is one of the large and strong financial institutions of the South. Its capital is $500,000, surplus and profits $193,646, and deposits $[illegible]44,000. Recently the company declared its twenty-third semi-annual dividend of three per cent., at the same time making a substantial addition to the undivided profits account.

This company owns the Equitable Building—one of the fine office buildings of the South—and has rented every office.

The officers of the Trust Company of Georgia are: President, Ernest Woodruff; vice-presidents, J. Carroll Payne and George Winship; treasurer, Wm. S. McKemie; assistant treasurer, C. D. Hurt.

—In 1906 there were seventy new banks chartered in Georgia, with a total capitalization of $2,647,500. In 1905, eighty-five new banks were chartered with a total capital of $2,475,000, while in 1904 there were only thirty-nine with a total capitalization of $975,000.

—The Bessemer (Ala.) State Bank reports an increase of over 100 per cent. in its deposits in the last year. On December 26 last the deposits were $123,656, compared with $94,523 on November 12, 1906, and since December they have further increased to over $135,000.

W. W. Hollingsworth is president, W. H. Porter, vice-president, and E. A. Shelfer, cashier.

—The Boone County Deposit Bank of Burlington, Ky., established in 1886, has $30,000 capital and $28,000 surplus. This latter item has been accumulated by the bank in addition to paying $52,500 in dividends. In its twenty-one years of existence this bank has never lost a cent. Deposits amounted to $127,752 on December 31 last. Officers of the bank are: President, D. Rouse; vice-president, N. E. Riddell; cashier, J. C. Revill.

WESTERN STATES.

—Brief mention was made in the January Magazine of the consolidation of the State Savings Bank and the People's Savings Bank of Detroit into a new institution—the People's State Bank, with $1,500,000 capital, $1,500,000 surplus and $30,000,000 total assets. This consolidation became operative on January 7.

Until the State Bank building can be remodelled to accommodate the business of both institutions, the present offices will be maintained. It is expected that the alterations now in progress will be finished about June 1, and the business of both banks will be transacted under one roof.

A new branch office is being fitted up in the Washington Arcade, in which will be located the Women's Department. When this new office is opened, the People's State Bank will have five branches.

Both the merged banks are old and prosperous institutions, and their union places the People's State Bank among the very large and strong banks of the country. Already the deposits amount to $28,977,218. The officers are: President, Geo. H. Russel; vice-president and chairman of the board, M. W. O'Brien; vice-presidents, H. C. Potter, Jr., Geo. E. Lawson, R. S. Mason, F. A. Schulte; cashier, A. E. Wing; cashier savings department, H. P. Borgman; manager credit department, R. W. Smylie; auditor, Frank W. Blair; assistant cashiers, R. E. Mason, J. R. Bodde.

—W. W. Bowman of Topeka writes that the twentieth annual convention of the Kansas Bankers' Association will be held at Topeka May 20-22.

—The First National Bank of Audubon, Iowa, has taken over the business of the Corn Exchange Bank of Audubon, the merger becoming effective February 4. The building of the Corn Exchange Bank was purchased by the First National, giving the latter a building and fixtures much better adapted to modern banking than it has heretofore had.

—At the January meeting of the State Bank, Lake Forest, Ill., Elton G. Rice was elected a director in place of Alfred L. Baker, resigned.

—Henry M. Zimmerman of Pontiac has been appointed State Commissioner of Banking for Michigan.

—A prominent part of the equipment of the new building of the Manufacturers' National Bank of Racine is the vaults and safe-deposit boxes, in the construction of which 245,000 pounds of iron and steel were used. The new home of the bank is described as a credit to the city—a remark which might justly be made of the bank itself, which has been doing business for thirty-six years. It has $250,000 capital, $271,000 surplus and profits, and $2,090,000 deposits.

GEORGE WOODRUFF,
President, First National Bank, Joliet, Ill.

—George Woodruff, president of the First National Bank of Joliet, Ill., is one of the youngest bank presidents in the country, being only twenty-five. He studied law and finance at the University of Michigan and at Yale University, and later studied banking in London and Paris. Upon his return to this country Mr. Woodruff was admitted to the bar in the States of Connecticut and Illinois, but abandoned the law for his father's profession—banking—being appointed in 1903 assistant cashier of the institution over which he now presides. The following year he was promoted to the vice-presidency, and recently he was elected president.

The First National was founded in 1864 by George Woodruff, an ancestor of the present president, and was one of the first national banks organized. The bank has successfully passed through the financial depressions of forty years and has gained an enviable reputation. Its capital is $100,000; surplus and net profits, $161,168, and deposits aggregate $1,117,877—an increase of about fifty per cent. in a little more than two years.

—A special meeting of the stockholders of the Pullman Loan and Savings Banks, of Chicago, has been called for April 2, to vote on increasing the capital stock from $300,000 to $500,000. The new stock will be issued to shareholders pro rata at par.

PACIFIC SLOPE.

—Announcement is made by the Southern Trust Company of Los Angeles of removal to its new banking quarters at 114 West Fourth street, adjoining the Farmers and Merchants' National Bank.

—The First National Bank of Oakland, Cal., which has $300,000 capital and $133,606 surplus and profits, has had a very large increase in its deposits of late years. From March 11, 1905, to December 31, 1906, the deposits grew from $1,040,708 to $4,496,971. The bank's four cardinal principles—consistent liberality, uniform courtesy, accuracy in detail, and promptness in execution—seem to have borne good fruit.

—The Fort Sutter National Bank, of Sacramento, was incorporated January 17, 1905, and commenced business July 1, 1905. The beginning was made in a small store-room. The record of this institution has been phenomenal. At the close of its second month's business it had reached a point where its average daily earnings exceeded its average daily expenses. For the fifteen months ending December 31, 1906, its average gain in deposits was one thousand dollars per day. For the first two weeks after it commenced business in its elegant new quarters, its gains in deposits were at the rate of ten thousand dollars per day.

The new building is fitted up in a way that is calculated to attract and retain public confidence, and the management is progressively conservative.

—Messrs. John S. Cook & Co., bankers of Goldfield and Rhyolite, Nev., present a remarkably strong statement under date of December 31, 1906. Their capital is $250,000; surplus, $30,000; undivided profits, $3,474, and deposits $5,341,329. Their motto seems to be "Keep strong," as they have in cash and sight exchange $3,295,623. The firm was established January 23, 1905.

—The capital of the First National Bank of San Francisco is to be increased from $1,500,000 to $3,000,000, and also to have at least $1,500,000 surplus. A trust company is to be organized by the bank, and a modern office building erected.

—Here are some of the things done by the American National Bank of San Francisco in 1906: Increased deposits 54 1-3 per cent.; doubled the foreign exchange business; increased earnings; increased surplus $50,000; gained in the number of individual depositors, and improved the class of business; largely increased its list of correspondents, both foreign and domestic.

—The First National Bank of Palo Alto is constructing a new building that is described as being particularly fine, both in design and in the materials used in its construction. The new building will be fitted up in the best manner, affording a suitable home for the bank's large and growing business.

—The California Bank Commissioner's report shows a total of 129 savings banks in California on Dec. 31, 1906, an increase of six since August of last year. The assets of these institutions were increased $8,655,522 and the deposits $12,212,771. Of this increase in deposits $2,212,771 has been added in the last three and one-half months.

—During the past year the deposits of the Bank of Pacific Grove, Cal., have increased upwards of $175,000, and amounted to $301,723 on January 26 last. This bank occupies its own building, an attractive and substantial structure erected in 1904.

—At the annual meeting of the Humboldt Savings Bank of San Francisco, held January 24, William H. Crocker, president of the Crocker National Bank of San Francisco, was elected president to take the place made vacant by the death of Mr. W. S. Keyes, which occurred last December. At the same meeting W. E. Palmer, cashier of the Humboldt Savings Bank, was elected a director. During the past year this bank has made an increase of twenty per cent. in its deposits, and gives further evidence of progress in the fact that it is erecting a new building for its occupancy.

—The Union National Bank of San Luis Obispo, Cal., which began business in August, 1905, is putting up a two-story concrete building of classic design and fireproof throughout. The upper floor will be used for offices, the bank occupying the lower floor. The new building will be equipped throughout in modern style, including a double set of steel-lined vaults. This bank has already made very satisfactory progress and it is expected that its business will be largely increased with the better facilities it will have in the new building. The capital is $100,000, and its officers are: President, W. T. Summers; vice-president, J. W. Smith; cashier, T. W. Dibblee.

—On the site that it has occupied for the past forty years the Bank of San Jose, Cal., is erecting a five-story reinforced concrete building. This site is at the corner of First and Santa Clara streets, which is regarded as one of the best business locations in the city. The bank is to occupy the ground floor and the upper stories will be leased for office purposes. The demand for accommodations of this kind being very great. Everything in the bank's new quarters will be in accordance with the best requirements of modern banking—enabling the bank to transact its growing business with increased convenience to its customers and official staff. The eighty-second semi-annual statement of the bank, issued on January 2, 1907, showed total resources of $2,362,486.

—On February 15 the title of the Berkeley (Cal.) Bank of Savings was changed to Berkeley Bank of Savings and Trust Company, and the paid-up capital increased from $50,000 to $300,000. Besides doing a savings bank business, this institution is now prepared to perform all the functions of a trust company. Its officers remain as before, viz.: President, A. W. Naylor; cashier, F. L. Naylor; assistant cashier, C. S. Merrill.

—The First National Bank of San Jose, Cal., has adopted an idea that perhaps could be used advantageously by other banks. It consists in placing a small brass sign at the window of each teller or officer, with his name thereon. This will tend to prevent confusion and will obviate the embarrassment often experienced by customers in not knowing the name of the officer or employee with whom they are dealing. This bank has projected a new building, to be erected on the premises now occupied by the bank, the growth of business having made the present quarters inadequate.

—The Garden City Bank and Trust Company of San Jose has in course of construction at First and San Fernando streets, on a plot 68 by 73 feet, a building that will be seven stories and will be constructed of Colusa sandstone, a native product. It is expected that the new building will be ready for occupancy by the bank about July 1. New furniture and burglar-proof vaults and modern safe-deposit boxes will be installed.

—In the July, 1906, Bankers' Directory the deposits of the Central Savings Bank of Santa Barbara, Cal., were given as $16,000 instead of $160,000. This regrettable mistake was due to a typographical error. Since our July Directory was published the deposits have very much increased, being now upwards of $250,000.

AN ATTRACTIVE CALENDAR.

A calendar is something that is useful, and the one sent out by the Western Bank Note and Engraving Co. is also decidedly attractive—not in the ordinary way—but it is an excellent sample of the best style of engraving, such as is executed by this well-known company.

BUYING BONDS FOR REVENUE.

Messrs. N. W. Halsey & Co., bankers, of New York, Philadelphia, San Francisco and Chicago, have issued a booklet, bearing the above title, which gives in a compact form much valuable information about determining the revenue-producing qualities of securities. A copy will be mailed, on application, to any one interested.

REPORTS PROSPEROUS BANKING CONDITIONS.

—M. H. Russell Voorhees of Voorhees & Co., advertising specialists, 116 Nassau street, New York, is making a tour of the banks of the country in the interests of his firm, covering all the important cities. Mr. Voorhees reports uniformly prosperous conditions among the banks.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

Falls City National Bank, Falls City, Tex.; by Jno. G. Schulz, et al.
First National Bank, Tahoka, Tex.; by O. L. Slaton, et al.
First National Bank, Kiefer, I. T.; by D. N. Fink, et al.
First National Bank, Harvey, Ill.; by W. L. A. Wiedemann et al.
People's National Bank, Ellwood City, Pa.; by J. E. Van Gorder, et al.
City National Bank, Duncan, I. T.; by W. P. Fowler, et al.
City National Bank, Ridgefarm. Ill.; by Jno. W. Foster, et al.
First National Bank, Johnstown, Colo.; by R. T. Ambrose, et al.
Elk National Bank, Fayetteville, Tenn.; by Jno. H. Rees, et al.
First National Bank, Laurium, Mich.; by M. E. O'Brien, et al.
First National Bank, Harveysburg, O.; by W. A. Merritt, et al.
Luzerne National Bank, Luzerne, Pa.; by H. C. Johnson, et al.
First National Bank, Ackley, Ia.; by J. C. C. Lusch, et al.
First National Bank, Downey, Cal.; by A. L. Darley, et al.
First National Bank, Sykesville, Md.; by Jno. F. Sippel, et al.
Anderson National Bank, Lawrenceburg, Ky.; by J. W. Gaines, et al.
First National Bank, Sheridan, Oreg.; by S. L. Scroggin, et al.
First National Bank, Lovelady, Tex.; by W. W. West, et al.
National Bank, Luther, Okla.; by E. L. Mantor, et al.
First National Bank, Thomasville, N. C.; by A. H. Ragan, et al.
Naples National Bank, Naples, Tex.; by E. R. Greer, et al.
National Copper Bank, New York, N. Y.; by J. D. Ryan, et al.
First National Bank, Lynnville, Tenn.; by Jno. W. Fry, et al.
First National Bank, Richfield, Pa.; by C. A. Meiser, et al.
Ft. Harrison National Bank, Terre Haute, Ind.; by J. Jump, et al.
Boardwalk National Bank, Atlantic City, N. J.; by Jno. C. Reed, et al.
First National Bank, Manawa, Wis.; by J. B. Jensen, et al.
Greenville National Exchange Bank, Greenville, Tex.; by W. A. Williams, et al.
Brule National Bank, Chamberlain, S. D.; by W. H. Pratt, et al.
Commercial National Bank, Kearney, Neb.; by A. E. Waldron, et al.
Fairmont National Bank, Fairmont, Minn.; by F. E. Wade, et al.
First National Bank, Oblong, Ill.; by D. W. Odell, et al.
Fillmore National Bank, Fillmore, Ill.; by N. B. Allen, et al.
First National Bank, Spartansburg, Pa.; by Jno. M. Webb, et al.
Bankers' National Bank, Kansas City, Kans.; by Jno. W. Breidenthal, et al.
Gogebic National Bank, Ironwood, Mich.; by D. E. Sutherland, et al.
First National Bank, Ely, Minn.; by S. R. Kirby, et al.
Union National Bank, Scranton, Pa.; by M. J. Martin, et al.
Farmers' National Bank, Johnstown, Colo.; by W. E. Letford, et al.
Windsor National Bank, Windsor, Colo.; by W. Staley, et al.
City National Bank, Karnes City, Tex.; by Ed. Tewes, et al.
Central National Bank, Kansas City, Mo.; by J. D. Anderson, et al.
First National Bank, Rotan, Tex.; by E. Rotan, et al.
Farmers' National Bank, Midlothian, Tex.; by J. E. Sewell, et al.
Rotan National Bank, Rotan, Tex.; by W. F. Martin, et al.
First National Bank, Sunnyside, N. M.; by A. B. Harris, et al.
First National Bank, LaLande, N. M.; by W. O. Oldham, et al.
Farmers and Merchants' National Bank, Rotan, Tex.; by J. B. Wilson, et al.
First National Bank, Altamont, Ill.; by R. H. Osborne, et al.
First National Bank, Bellevue, Tex.; by B. O. Smith, et al.
People's National Bank, Albia, Ia.; by L. S. Collins, et al.
First National Bank, Blanchester, O.; by R. J. Rice, et al.
Irving National Bank, Irving, Ill.; by W. M. Birry, et al.

Application for Conversion to National Banks Approved.

State Bank of Tupelo, I. T., into First National Bank.

Sykesville Bank of Carroll County, Sykesville, Md., into Sykesville National Bank.

American Bank of Green City, Mo., into American National Bank.

Commercial Bank of Shattuck, Okla., into National Bank.

Tonkawa State Bank, Tonkawa, Okla., into Tonkawa National Bank.

Dakota Bank and Trust Co., Aberdeen, S. D., into Dakota National Bank.

Bank of Frederick, Frederick, S. D., into First National Bank.

Farmers' Exchange Bank of San Bernardino, into Farmers' Exchange National Bank.

Bank of Georgetown, Georgetown, Ky., into Georgetown National Bank.

Bank of Buena Vista, Colo., into First National Bank.

Security State Bank, Stanley, N. D., into First National Bank.

National Banks Organized.

8517—First National Bank, Wyoming, Pa.; capital, $50,000; Pres., W. J. Fowler; Vice-Pres., J. B. Schooley; Cashier, G. E. Dean.

8518—People's National Bank, Belton, Tex.; capital, $50,000; Pres., Thos. Yarrell; Vice-Pres., C. J. Jackson; Cashier, Thos. Yarrell, Jr.; Asst. Cashier, J. H. Bloomer.

8519—City National Bank, Floresville, Tex.; capital, $50,000; Pres., W. R. Wiseman; Vice-Pres., G. A. Monkhouse; Asst. Cashier, R. A. Wiseman.

8520—Stockmen's National Bank, Brush, Colo.; capital, $35,000; Pres., W. A. Cotton; Vice-Pres., E. Munn; Cashier, F. E. Cotton.

8521—First National Bank, Gordon, Neb.; capital, $40,000; Pres., C. F. Coffee; Vice-Pres., T. M. Huntington; Cashier, D. H. Griswold; Asst. Cashier, W. E. Brown. Conversion of Sheridan County Bank.

8522—New Boston National Bank, New Boston, Tex.; capital, $30,000; Pres., J. Hubbard; Vice-Pres., C. P. Helms and J. H. Simms; Cashier, W. A. Lowery; Asst. Cashier, J. Williamson.

8523—City National Bank, Staples, Minn.; capital, $25,000; Pres., Jno. Dower; Vice-Pres., Wm. Dower; Cashier, E. E. Greeno; Asst. Cashier, Geo. E. Harris. Conversion of Citizens' State Bank.

8524—First National Bank, Stratford, I. T.; capital, $25,000; Pres., Leon Kahn; Cashier, C. S. Hudson.

8525—First National Bank, Longton, Kans.; capital, $25,000; Pres., I. W. Clark; Vice-Pres., Logan Antle; Cashier, R. J. Conneway; Asst. Cashiers, O. Antle and Ethel M. Worley. Conversion of State Bank.

8526—First National Bank, Hemphill, Tex.; capital, $25,000; Pres., J. O. Toole; Vice-Pres., J. H. Synnott; Cashier, A. M. Jones.

8527—First National Bank, Senoia, Ga.; capital, $25,000; Pres., L. O. Benton; Vice-Pres., W. R. McCrary and B. P. Daniel; Cashier, W. R. Woodward.

8528—First National Bank, Vale, Oreg.; capital, $25,000; Pres., Jno. T. Morrison; Vice-Pres., J. E. Lawrence; Cashier, J. P. Dunaway.

8529—First National Bank, Viroqua, Wis.; capital, $50,000; Pres., H. P. Proctor; Vice-Pres., R. J. Rosenfeld and J. K. Schriener; Cashier, H. E. Packard; Asst. Cashier, W. S. Proctor.

8530—Nevada National Bank, Tonopah, Nev.; capital, $100,000; Pres., M. L. Macdonald.

8531—St. Lawrence County National Bank, Canton, N. Y.; capital, $50,000; Pres., J. Spears; Vice-Pres., M. D. Packard; Cashier, S. D. Kimball; Asst. Cashier, C. S. Cook. Conversion of St. Lawrence County Bank.

8532—National City Bank, Chicago, Ill.; capital, $1,500,000; Pres., D. R. Forgan; Vice-Pres., A. L. Baker; Cashier, H. E. Otte; Asst. Cashiers, L. H. Grimme and F. A. Crandall.

8533—First National Bank, Polk, Neb.; capital, $25,000; Pres., J. W. Wilson; Vice-Pres., Chas. Niermann; Cashier, C. C. McCune.

8534—First National Bank, Evanston, Wyo.; capital $50,000; Pres., J. E. Cosgriff; Vice-Pres., Geo. E. Pexton; Cashier, Chas. Stone; Asst. Cashier, Otto Arnold.

8535—First National Bank, Hawley, Tex.; capital, $25,000; Pres., Hy. James; Vice-Pres., Ed. S. Hughes; Cashier, E. W. Kidwell.

8536—First National Bank, Jackson Center, O.; capital, $33,000; Pres., Shelby Baughman; Vice-Pres., Geo. A. Swickard; Second Vice-Pres., W. E. Dearbaugh; Cashier, F. Baughman; Asst. Cashier, F. M. Wildermuth.

8537—First National Bank, Medaryville, Ind.; capital, $25,000; Pres., M. Robinson; Vice-Pres., E. C. Williams; Cashier, C. H. Guild; Asst. Cashiers, J. E. Guild and S. M. Guild.

8538—First National Bank, Thornton, Tex.; capital, $25,000; Pres., J. E. Barron; Vice-Pres., W. W. Barnett. Cashier, J. E. Barnett.

8539—First National Bank (conversion of Citizens' Bank), Moore, Mont.; capital, $50,000; Pres., M. L. Woodman; Vice-Pres., Patrick Nihill;

8540—First National Bank, Savanna, Ill.; capital, $50,000; Pres., F. M. Jenks; Vice-Pres., F. S. Greenleaf;

Cashier, C. K. Miles; Asst. Cashiers, F. Stedman and W. S. Wallace.

8541—Alamosa National Bank, Alamosa, Colo.; capital, $25,000; Pres., C. Walbrich; Vice-Pres., F. Groening and W. Staley; Cashier, W. H. Mallett.

8542—American National Bank, Paris, Tex.; capital, $150,000; Pres., J. F. McReynolds; Vice-Pres., W. R. Wood; Cashier, W. T. Ridley.

8543—First National Bank, Gage, Okla.; capital, $25,000; Pres., J. L. Pryor; Vice-Pres., Geo. E. Baker; Cashier, R. M. Sowers. Conversion of Bank of Gage.

8544—First National Bank, South Pasadena, Cal.; capital, $25,000; Pres., J. S. Dodge; Vice-Pres., Chas. Ewing; Cashier, G. W. Lawer.

8545—First National Bank, Iron River, Mich.; capital, $50,000; Pres., E. S. Coe; Vice-Pres., W. J. Richards; Cashier, A. J. Pohland.

8546—Merchants and Planters' National Bank, Mill Creek, I. T.; capital, $30,000; Pres., F. Penner; Vice-Pres., E. T. Cook; Second Vice-Pres., A. L. Cochran; Cashier, R. H. Cook; Asst. Cashier, C. W. Stewart.

8547—St. Paul National Bank, St. Paul, Va.; capital, $25,000; Pres., R. W. Dickenson; Vice-Pres., J. E. Duff; Cashier, J. L. Jennings; Asst. Cashier, C. W. Banner.

8548—First National Bank, Akron, Colo.; capital, $25,000; Pres., M. B. Holland; Vice-Pres., H. A. Gibson; Cashier, P. J. Mullin.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Ashford—Bank of Ashford; capital, $15,000; Pres., A. M. Grimsley; Vice-Pres., J. C. Grimsley; Cashier, W. W. Cook; Asst. Cashier, F. A. Grimsley.

Tuscaloosa—Merchants' Bank and Trust Co. (successor to National and Mutual Trust and Savings Co.); capital, $175,000; Pres., G. A. Seavey; Vice-Pres., T. W. Palmer and W. F. Fitts, Jr.; Cashier, G. Foster; Asst. Cashier, W. S. Wyman, Jr.

ALASKA.

Cleary—Bank of Cleary; Pres., Vice-Pres. and Cashier, S. A. Bonnifield.

ARKANSAS.

Columbus—Bank of Hempstead Co. (Branch); R. C. Stuart, Mngr.

Decatur—State Bank of Decatur; capital, $10,000; Pres., G. Brusse; Vice-Pres., L. Rodyers; Sec. and Treas., E. N. Plank, Jr.

Emerson—Southern Mercantile Co.; capital, $10,000; Pres., W. J. Walsch; Vice-Pres., W. A. Rushton; Sec. and Treas., L. Lee.

Fourche—Perry Co. Bank; capital, $12,500; Pres., B. Faisst; Vice-Pres., E. E. Wilson; Cashier, L. L. Benedict.

Lonoke—Lonoke Co. Bank; capital, $20,000; Pres., O. J. Walls; Vice-Pres., Chas. G. Miller; Cashier, F. D. Bransford.

Pettigrew—Citizens' Bank (succeeded First Bank); capital, $10,000; Pres., W. J. Ritchie; Vice-Pres., E. Sislmore; Cashier, C. C. Drake.

Waldo—Merchants and Farmers' Bank; capital, $16,000; Pres., C. Clarke; Vice-Pres., C. H. Perry; Cashier, M. D. Clarke.

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CALIFORNIA.

Holtville—Citizens' Bank; Pres., W. F. Holt; Vice-Pres., T. Vencill; Cashier, R. G. Webster.

Nordhoff—Ojai State Bank; capital, $25,000; Pres., F. W. Ewing; Vice-Pres., A. Camarillo; Cashier, E. W. Carne.

COLORADO.

Haxtum—Bank of Haxtum; capital, $20,000; Pres., G. W. Gordon; Cashier, M. I. Eiscle.

Ordway—Otero Co. Bank; capital, $1,000,000; Pres., A. F. Enyart; Vice-Pres., J. N. Beaty; Cashier, C. B. Wiggins.

DISTRICT OF COLUMBIA.

Washington—United States Savings Bank (successors to North Savings Bank); capital, $99,300; Pres., C. A. Douglas; Vice-Pres., M. A. Winber and J. L. Karrick; Cashier, J. C. Athey.

FLORIDA.

Chipley—People's State Bank; capital, $20,000; Pres., D. J. Jones; Vice-Pres., A. D. Campbell; Cashier, L. D. McRae.

Mulberry—Bank of Mulberry; capital, $25,000; Pres., L. N. Ripkin; Vice-Pres., P. B. Haynes; Cashier, W. P. Read.

Perry—Taylor Co. Bank (successor to Citizens' Bank); capital, $25,000; Pres., G. R. Battel; Vice-Pres., J. R. Kelly and J. T. Blair; Cashier, D. F. Blanton; Asst. Cashier, O. N. Williams.

Wauchula—Bank of Wauchula; Pres., A. G. Smith; Vice-Pres., N. E. Mitchell; Asst. Cashier, G. C. McWherter.

GEORGIA.

Folkstown—Folkstown Bank (Branch of Liberty Bkg. Co., Ludowici); Mngr., L. M. Mizell.

Odessadale—Odessa Bank; capital, $25,000; Pres., J. R. Atwater; Vice-Pres., W. A. Glanton; Cashier, J. C. Harman.

Valdosta—Valdosta Clearing House; Pres., J. F. Lewis; Vice-Pres., B. P. Jones; Sec. and Treas., J. N. P. Nitch.

IDAHO.

Blackfoot—Idaho Title, Loan and Trust Co. (successor to T. R. Jones & Co.); capital, $25,000; Pres., T. R. Jones; Vice--Pres., J. M. Stevens.

St. Anthony—St. 'Anthony Bkg. and Trust Co.; capital, $30,000; Pres., C. C. Moore; Vice-Pres., D. Z. Mummert; Cashier, L. S. Borrows.

ILLINOIS.

Chicago—Harris Trust and Savings Bank (successor to N. W. Harris & Co.); capital, $1,250,000; Pres., N. W. Harris; Vice-Pres., A. G. Farr and A. W. Harris; Cashier, F. R. Elliott; Asst. Cashier, J. H. Vaill.

Iola—Bank of Iola; capital $10,000; Pres., W. N. Rogers; Cashier, J. W. Vickrey.

Meredosia—Meredosia State Bank; capital, $25,000; Pres., J. G. Berger; Vice-Pres., A. Butcher; Cashier, J. F. Brockhouse; Asst. Cashier, F. Deppe.

Oregon—Oregon State Bank; capital, $30,000; Pres., J. C. Seyster; Vice-Pres., G. M. McKenney; Cashier, C. M. Gale; Asst. Cashier, G. C. Hopkins.

Robinson—Farmers and Producers' Bank; capital, $25,000; Pres., G. E. Kessler; Vice-Pres., J. Olevin; Cashier, W. B. Kiteshew; Asst. Cashier, H. C. Brown.

Wapello—Farmers and Merchants' Bank; capital, $20,000; Pres., W. R. Carle; Vice-Pres., J. M. Greene; Cashier, F. T. Greene.

INDIAN TERRITORY.

Stratford—United States Bank; capital, $25,000; Pres., J. C. Honaker; Cashier, I. F. Honaker.

INDIANA.

Angola—Angola Bank and Trust Co.; capital, $60,000; Pres., G. R. Wickivire; Vice-Pres., J. A. Woodhull; Treas., E. T. Dodge.

Connersville—Central State Bank; capital, $60,000; Pres., W. W. McFarlan; Vice-Pres., A. E. Borrows; Cashier, F. I. Borrows; Asst. Cashier, H. M. McFarlan.

Kendallville—Kendallville Trust and Savings Bank; capital, $25,000; Pres., A. M. Jacobs; Vice-Pres., J. T. Stahl; Sec., E. A. Hirsch.

IOWA.

Calamus—Farmers' Savings Bank; Capital, $16,000; Pres., C. Kuebler; Vice-Pres., A. Wendell; Cashier, Jno. F. Mueller.

David—Farmers' Savings Bank; capital, $10,000; Pres., Geo. Grossman; Vice-Pres., J. R. Bymes; Cashier, G. R. Hammond; Asst. Cashier, E. M. McLaughlin.

Mitchell—Mitchell Savings Bank (successor to Exchange Bank); capital, $10,000; Pres., A. C. Prime; Vice-Pres., H. Indra; Cashier, C. A. Randall.

Redfield—State Bank of Redfield (successor to Bank of Redfield); capital, $2,500; Pres., S. M. Holmes; Vice-Pres., C. H. Tanner; Cashier, G. W. Curtis; Asst. Cashier, G. W. Curtis, Jr.

Shell Rock—Farmers' State Bank; capital, $25,000; Pres., J. A. Goodham; Vice-Pres., J. H. Hutchins; Cashier, M. F. Greer.

Waterloo—Citizens' Savings Bank; capital, $50,000; Pres., W. R. Jameson; Vice-Pres., F. F. McElhinney; Cashier, F. C. Braniger.

KANSAS.

Bronson—Citizens' State Bank; capital, $32,000; Pres., L. Purdom; Vice-Pres., J. F. Miles; Cashier, J. T. Lardner; Asst. Cashier, J. W. Purdom.

Halstead—Farmers' State Bank; capital, $20,000; Pres., E. H. Kliemer; Vice-Pres., D. Langenwalter; Cashier, J. C. Low.

Junction City—Home State Bank; capital, $25,000; Pres., F. L. Durland; Vice-Pres., J. E. Clemons; Cashier, H. G. West.

Kackley—State Bank of Kackley; capital, $10,000; Pres., F. J. Atwood; Vice-Pres., E. C. W. Luther; Cashier, A. Johnson; Asst. Cashier, W. E. Carnahan.

Monument—Logan County State Bank; capital, $10,000; Pres., H. F. Tallman; Vice-Pres., G. E. Stretch; Cashier, J. A. McLouth.

KENTUCKY.

Berea—Berea Bank and Trust Co. (successor to Berea Banking Co.); capital, $50,000; Pres., J. J. Moore; Vice-Pres., P. Cornelius; Cashier, W. H. Porter; Asst. Cashier, F. M. Livengood.

Cane Valley—Farmers' Bank; capital, $7,500; Pres., S. G. Banks; Vice-Pres., F. P. Rice; Cashier, O. W. McAllister.

Georgetown—Scott County Bank; capital, $25,000; Pres., D. McMillan; Vice-Pres., A. C. Cook; Cashier, J. R. Palmer.

Morehead—People's Bank of Morehead; capital, $12,950; Pres., F. P. Webster; Vice-Pres., G. W. Clayton; Cashier, D. B. Candill.

Willisburg—Central Bank of Willisburg; capital, $7,500; Pres., W. W. Hyatt; Vice-Pres., T. J. Miller; Cashier, E. W. Smith; Asst. Cashier, J. H. Karsner.

LOUISIANA.

Dubach—Dubach State Bank; capital, $12,500; Pres., S. S. Tatum; Vice-Pres., T. B. Colvin; Cashier, R. W. Henry.

Franklin—St. Mary Bank and Trust Co. (successor to St. Mary Bank); capital, $100,000; Pres., W. McKevall; Vice-Pres., J. W. Foster; Cashier, R. E. O'Niell.

MICHIGAN.

Alpena—State Savings Bank; capital, $100,000; Pres., W. A. Comstock; Vice-Pres., W. B. Taber; Cashier, W. A. Ballou.

Detroit—Fairview Savings Bank; capital, $20,000; Pres., S. W. Webber; Vice-Pres., W. E. Moss; Cashier, W. J. Hayes.

Grandville—State Bank; capital, $20,000½; Pres., D. M. Jenison; Vice-Pres., A. J. Slaght; Cashier, F. J. McElwee.

Harrison—State Savings Bank (successor to L. Saviers & Co.); capital, $20,000; Pres., L. Saviers; Vice-Pres., W. H. Wilson and F. Weatherhead; Cashier, C. R. Giddings.

Hopkins—Hopkins State Bank (successor to Exchange Bank); capital, $20,000; Pres., O. B. Kidder; Vice-Pres., C. H. Furber; Cashier, R. C. Furber.

Lake City—Lake City Bank; Pres., A. E. Sleeper; Vice-Pres., James Baldwin; Cashier, F. D. McGregor.

Orion—Citizens' State Savings Bank; capital, $20,000; Pres., F. Thurston; Vice-Pres., J. W. Fox; Cashier, L. M. Carleton.

Posen—McColl, Learmont & Co.; Pres., J. McColl; Vice-Pres., W. H. Ennest; Asst. Cashier, May Ennest.

MINNESOTA.

Dovray—Bank of Dovray; capital, $10,000; Pres., J. A. Pearson; Vice-Pres., J. Johnson; Cashier, A. E. Nordvold.

Louisburg—Louisburg State Bank; capital, $10,000; Pres., P. G. Jacobson; Vice-Pres., O. Anderson; Cashier, L. M. Larson.

Roscoe—First State Bank; capital, $10,000; Pres., A. Muggli; Vice-Pres., T. Sauer; Cashier, P. Roeder.

MISSISSIPPI.

Richton—Bank of Richton; capital, $25,000; Pres., B. Stevens; Vice-Pres., P. M. Anderson; Cashier, W. H. Grace.

MISSOURI.

Bell City—Bank of Bell City; capital, $10,000; Pres., Geo. Kirby; Vice-Pres., J. L. Wallace; Cashier, A. L. Biffle.

Levasy—Bank of Levasy; capital, $10,000; Pres., S. H. Chiles; Vice-Pres., H. Bickel; Cashier, F. C. Hand.

NEVADA.

Blair—State Bank and Trust Co. of Carson City (Branch); Mngr., F. A. Seymour.

Fairview—Nevada Bank and Trust Co.; capital, $50,000; Pres., L. E. C. Hinckey; Cashier, V. B. Leonard.

Reno—Nye & Ormsby Co. (Branch); F. B. Spriggs, Mngr.

Wonder—Wonder Bank and Trust Co. (successor to First Bank of Wonder); capital, $35,000; Pres., Jno. Hannan; Vice-Pres., T. W. Wampler; Cashier, R. Prentice.

NEW YORK.

Lockport—Lockport Trust Co.; capital, $100,000; Pres., J. Wood; Cashier, W. Richmond.

NORTH CAROLINA.

Belmont—Bank of Belmont; capital, $10,000; Pres., R. L. Stowe; Vice-Pres., L. L. Jenkins; Cashier, W. B. Puett.

NORTH DAKOTA.

Coal Harbor—Northwestern State Bank (successor to Citizens' State Bank); capital, $10,000; Pres., J. S. Johnson; Vice-Pres., K. Kjelstrup; Cashier, C. A. Fuglie.

East Grand Forks—First State Bank; capital, $25,000; Pres., C. J. Lofgren; Vice-Pres., O. M. Hatcher; Cashier, N. J. Nelson.

Glen Ullen—Glen Ullen State Bank; capital, $10,000; Pres., P. B. Wickham; Vice-Pres., H. H. Wickham; Cashier, C. Waechter; Asst. Cashiers, O. H. Kuhl and A. B. Hageman.

Williston—Williston State Bank; capital, [illegible],000; Pres., T. O'Hougen; Vice-Pres., L. W. Toftner; Cashier, T. O. Hougen; Asst. Cashier, A. Hougen.

Zeeland—Zeeland State Bank; capital, $10,000; Pres., C. C. Hammond; Vice-Pres., J. J. Giedt; Cashier, J. M. Hammond.

OHIO.

Cincinnati—Liberty Savings and Banking Co.; capital, $25,000; Pres., F. H.

Ballman; Vice-Pres., J. G. Moorman; Cashier, Geo. Winter.

Cleveland—Reserve Trust Co.; capital, $300,000; Pres., A. Graham; Vice-Pres., T. J. Moffett; Sec. and Treas., W. N. Perrin.

Oak Hill—Citizens' Savings and Trust Co. (Branch of Bank at Jackson, O.); Mngr., E. E. Morgan.

Toledo—Continental Trust and Savings Bank (successor to Lucas Co. Savings Bank Co.); capital $200,000; Pres., E. T. Affleck and L. S. Baum Gardner; Vice-Pres., W. W. Morrison and J. Squires; Sec., J. E. Gardner; Treas., E. F. Rawley.

OREGON.

Falls City—Bank of Falls City; Pres., R. E. Williams; Cashier, W. Williams.

Hood River—Hood River Banking and Trust Co.; capital, $50,000; Pres., W. H. Moore; Vice-Pres., J. H. Osborne; Cashier, R. W. Pratt.

Portland—Commercial Savings Bank; capital, $50,000; Pres., Geo. W. Bates; Cashier, J. S. Birrel.

Sellwood—Bank of Sellwood; capital, $30,000; Pres., P. Hume; Vice-Pres., D. M. Donough; Cashier, C. A. Hume.

SOUTH DAKOTA.

Avon—Avon German Bank (successor to German Bank); capital, $55,000; Pres., J. T. Campbell; Vice-Pres., J. C. Greenfield; Cashier, B. Brandt; Asst. Cashier, J. O. Smith.

Forestburg—Forestburg State Bank; capital, $5,000; Pres., B. H. Millard; Vice-Pres., B. Heldt; Cashier, E. R. Judy.

Ramona—People's State Bank; capital, $5,000; Pres., Jno. Madden; Vice-Pres., Geo. E. Cochrane and M. F. Berther.

Wetonka—State Bank of Wetonka; capital, $5,000; Pres., F. W. Boettcher; Cashier, W. F. Brearton.

TENNESSEE.

Athens—Athens Bank and Trust Co.; capital, $50,000; Pres., Jno. W. Bayless; Vice-Pres., D. M. Owen; Cashier, E. H. Smith.

Rossville—Avenue Bank and Trust Co. (Branch); Mngr., A. L. Kirkpatrick.

TEXAS.

Barstow—Citizens' State Bank; capital, $20,000; Pres., G. W. Dyer; Vice-Pres., R. D. Gage and T. B. Anderson; Cashier, J. E. Starley; Asst. Cashier, O. D. Peters.

Brookshire—Waller Co. State Bank; capital, $10,000; Pres., H. M. Smith; Vice-Pres., J. Caprielion; Cashier, W. D. Mills.

Bruceville—Bruceville State Bank; capital, $10,000; Pres., G. E. Kinclennon; Vice-Pres., H. H. Longford; Cashier, E. Mixson.

Corsicana—First State Bank; capital, $50,000; Pres., J. A. Thompson; Vice-Pres., G. J. Heflin; Cashier, R. B. Caldwell; Asst. Cashier, F. H. Simpson.

Grapeland—Farmers and Merchants' Bank; capital, $15,000; Pres., G. E. Darsey; Vice-Pres., J. J. Brooks; Cashier, S. E. Miller.

Groom—Bank of Groom; Pres., J. W. Knorpp; Cashier, E. S. Blasdel.

Hempstead—Citizens' State Bank; capital, $16,000,000; Pres., L. L. Mahon; Vice-Pres., M. Schwarz; Cashier, R. F. Butts; Asst. Cashier, A. G. Thompkins.

Loraine—W. L. Edmondson & Co.; capital, $30,000; Pres., Vice-Pres. and Cashier, W. L. Edmondson; Asst. Cashier, J. M. Perry.

Rusk—Farmers and Merchants' State Bank; capital, $25,000; Pres., W. T. Norman; Vice-Pres., J. F. Mallard; Cashier, A. Ford.

Sinton—Sinton State Bank; capital, $10,000; Pres., J. F. Green; Vice-Pres., D. Oden; Cashier, G. D. McGloim; Asst. Cashier, H. M. Holden.

Willis—Willis State Bank; capital, $10,000; Pres., A. M. Carson; Vice-Pres., S. A. Crawford; Cashier, Wm. White.

Winona—Winona Exchange Bank; capital, $10,000; Pres., R. F. Butler; Cashier, J. T. McClemg.

VERMONT.

Brattleboro—Brattleboro Trust Co.; capital, $100,000; Pres., A. B. Clapp; Vice-Pres., O. M. Lawton; Treas., C. A. Boyden and J. R. Ryder.

VIRGINIA.

Fork Union—Fluvanna County Bank; capital, $5,000; Pres., T. K. Sands; Vice-Pres., B. A. Burgess; Cashier, W. L. Foy.

Palmyra—Bank of Fluvanna; Pres., B. R. Cowherd; Vice-Pres., P. Pettit; Cashier, D. M. Shepherd.

WASHINGTON.

Ballard—Union Savings and Trust Co. (Branch); Mngr., C. W. Casler.

Roslyn—Cleelum State Bank (Branch); Mngr., D. G. Bing.

Spokane—Land Title Savings Bank; capital, $25,000; Pres., C. S. Kalb; Vice-Pres., A. M. Riley; Cashier, W. H. Mariner; Asst. Cashier, G. H. Schaefer.

WEST VIRGINIA.

Charleston—Capital City Bank; capital, $250,000; Pres., E. Smith; Vice-Pres.,

L. U. LaFollette; Cashier, J. D. Foster, Jr.

CANADA.

BRITISH COLUMBIA.

Chilliwack—Bank of Montreal; Mngr., E. Dutrie.

ONTARIO.

Cobourg—Metropolitan Bank; Mngr., T. S. Chatterton.

Colborne—Bank of Toronto; Mngr., D. Coulson.

Englehart—Sovereign Bank; Mngr., J. D. Tipton.

QUEBEC.

Marieville—Eastern Townships Bank; Mngr., J. H. Doak.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Anniston—First National Bank; H. A. Young, Vice-Pres., in place of J. B. Goodwin; A. J. Goodwin, Cashier, in place of H. A. Young.

Birmingham—Alabama Penny Savings and Loan Bank; W. G. Mason, Vice-Pres.

Guntersville—Bank of Guntersville; W. M. Baker, Vice-Pres., deceased.

Jacksonville—Tredegar National Bank; H. H. Montgomery, Asst. Cashier.

Montgomery—Fourth National Bank; W. H. Hubbard, Vice-Pres., in place of J. W. Black; A. J. Jones, Cashier, in place of W. H. Hubbard.

Thomasville—First National Bank; J. G. Cunninghame, Cashier, in place of J. S. Henson; J. H. Roan, Asst. Cashier.

ARIZONA.

Clifton—First National Bank; H. Hill, Vice-Pres., in place of J. N. Porter.

Tempe—Tempe National Bank; J. F. Peck, Asst. Cashier.

ARKANSAS.

Arkansas City—Desha Co. Bank and Trust Co.; J. Bernhardt, Sec. and Treas.

Fort Smith—American National Bank; E. M. Dickenson, Asst. Cashier.

Hot Springs—Arkansas National Bank; C. W. O'Bryan, Cashier, in place of F. N. Rix.

Leslie—Farmers' Bank; capital increased to $25,000.

Little Rock—People's Bank; J. R. Neff, Pres.; J. W. Freeman, Vice-Pres.; W. C. Davis, Cashier; E. B. Hinchman, Asst. Cashier.

Marshall—Marshall Bank; capital increased to $25,000.

Rison—Bank of Rison; capital increased to $15,000.

Texarkana—State Savings and Trust Co.; capital reported increased to $500,000.

Thornton—Bank of Thornton; W. C. Ribenack, Vice-Pres.; B. Brynteson, Cashier.

Waldron—First National Bank; M. A. Williams, Pres., in place of R. P. Harris; I. S. Simmons, Vice-Pres., in place of T. J. Smith.

CALIFORNIA.

Alameda—Citizens' Bank; J. K. Lynch, Pres., in place of G. A. Moore.

Colton—First National Bank; R. D. Bailey, Asst. Cashier.

Covina—First National Bank; W. H. Holliday, Pres., in place of H. W. Hellman.

Long Beach—First National Bank; C. L. Heartwell, Vice-Pres.; W. A. Kennedy, Cashier, in place of C. L. Heartwell.

Los Angeles—National Bank of California; R. I. Rogers, Cashier, in place of W. D. Woolwine; W. D. Woolwine, Vice-Pres.

Monrovia—First National Bank; H. S. McKee, Vice-Pres., in place of J. F. Sartori.

Nevada City—Citizens' Bank of Nevada City; capital increased to $100,000.

Oakland—Union National Bank; C. E. Palmer, Pres., in place of Thos. Prather; J. D. Brown, Vice-Pres., in place of E. F. Adams; W. W. Crane, Cashier, in place of C. E. Palmer; Edw. H. Geary, Asst. Cashier.

Oroville—Bank of Rideout, Smith & Co.; capital increased to $150,000.

Pasadena—First National Bank; A. E. Edwards, Cashier, in place of R. I. Rogers; H. A. Doty, Asst. Cashier, in place of A. E. Edwards.

Riverside—First National Bank; J. A. Simms, Vice-Pres., in place of C. E. Rumsey; no Vice-Pres., in place of W. G. Fraser.

San Francisco—Mutual Savings Bank; J. A. Hooper and J. K. Moffitt, Vice-Pres.—State Savings and Commercial Bank; C. H. Phillips, Cashier.—Western National Bank; J. K. Prior, Jr., Vice-Pres.

St. Helena—Carver National Bank; Jno. R. Rutherford, Vice-Pres., in place of G. L. Pratt.

COLORADO.

Colorado Springs—El Paso National Bank; O. L. Godfrey, Asst. Cashier.

Denver—Colorado National Bank; G. B. Berger, Vice-Pres.; Wm. B. Berger, Cashier, in place of G. B. Berger.

Eaton—First National Bank; C. J. Stockfleth, Asst. Cashier.

Greeley—Greeley National Bank; C. H. Wheeler, Vice-Pres., in place of H. C. Watson; C. T. Neill, Cashier, in place of C. H. Wheeler; L. B. Carrel, Asst. Cashier, in place of C. T. Neill
Idaho Springs—First National Bank; Jno. J. Sherwin, Vice-Pres., in place of J. J. Elliott.
Las Animas—First National Bank; Jno. W. Moore, Cashier, in place of W. C Love.
Leadville—American National Bank; H. D. Leonard, Cashier, in place of G. W. Goodell; C. F. Washburn, Asst. Cashier, in place of H. D. Leonard—Carbonate National Bank; Chas. Cavender, Vice-Pres.; J. R. C. Tyler, Cashier, in place of F. K. Porter.
Montrose—First National Bank; Jno. L. Stivers, Second Asst. Cashier.
Telluride—Bank of Telluride; C. D. Waggoner, Cashier, in place of J. L. Brown, resigned.

CONNECTICUT.

Canaan—Canaan National Bank; W. Canfield, Vice-Pres.
Hartford—First National Bank; E. F. Harrington, Asst. Cashier.
Middletown—Columbis Trust Co.; O. E. Stoddard, Pres.; C. W. Dickerson, Vice-Pres.; H. C. Holmes, Second Vice-Pres.; C. B. Leach, Sec. and Treas.
New Britain—New Britain Savings Bank; W. F. Walker, Treas., reported embezzler.
New London—New London City National Bank; W. H. Rowe, Second Vice-Pres.; F. E. Barker, Cashier, in place of W. H. Rowe.
Norwalk—City National Bank; W. Bodwell, Cashier, in place of F. H. Rowan; no Asst. Cashier in place of W. Bodwell.
Stanford—First National Bank; A. R. Turkington, Pres., deceased.
Westport—First National Bank; C. P. Harris, Asst. Cashier.

DISTRICT OF COLUMBIA.

Washington—National Bank; C. F. Norment, Pres., in place of C. A. James; C. W. Howard, Vice-Pres., in place of J. C. Norris; no Cashier in place of C. E. White; J. F. White, Asst. Cashier, in place of R. E. White. —Riggs National Bank; Wm. Flather and A. T. Brice, Vice-Pres.; H. H. Flather, Cashier, in place of A. T. Brice; J. Evans, Jr., Asst. Cashier, in place of H. H. Flather.—Traders' National Bank; C. J. Rixey, Pres., in place of G. C. Henning; A. G. Plant, Vice-Pres., in place of C. J. Rixey.

FLORIDA.

Live Oak—First National Bank; C. E. Baker, Asst. Cashier.
Miami—First National Bank; W. H. Spitzer, Pres., in place of E. M. Brelsford; H. McCown, Asst. Cashier.
Sanford—First National Bank; B. F. Whitner, Jr., Asst. Cashier.
Tampa—First National Bank; W. R. Beckwith, Asst. Cashier.

GEORGIA.

Atlanta—Third National Bank; J. A. McCord, Vice-Pres.; T. C. Erwin, Cashier, in place of J. A. McCord.
Barnesville—First National Bank; A. Peacock, Pres., in place of L. O. Benton.
Brunswick—National Bank; A. Fendig, Vice-Pres.
Claxton—Claxton Bank; J. B. Brewton, Cashier.
Columbus—Third National Bank; W. H. Young, Asst. Cashier.
Elberton—Elberton Loan and Savings Bank; capital increased to $75,000.
Griffin—Newton Banking Co.; capital increased to $50,000.
Jackson—First National Bank; E. C. Paine, Cashier, in place of R. P. Newton.
Marshallville—M. S. Ware, succeeded by Citizens' Bank.
Newnan—Coweta National Bank; F. McSwain, Cashier, in place of N. L. North; no Asst. Cashier in place of F. McSwain.
Savannah—Savannah Trust Co.; W. V. Davis, Vice-Pres., in place of Geo. J. Baldwin, resigned; Jno. H. Straus, Sec'y and Treas.
Thomasville — Thomasville National Bank; W. H. Rockwell, Pres., in place of M. R. Mallette; M. R. Mallett, Vice-Pres.; A. T. MacIntyre, Cashier, in place of W. H. Rockwell.
Toombsboro—Wilkinson County Bank; Geo. C. Daniel, Cashier, in place of C. B. Smith, resigned.

IDAHO.

Boise—First National Bank; C. Moore, Vice-Pres.
Caldwell—First National Bank; J. E. Cosgriff, Pres., in place of H. Sebree.
Pocatello—First National Bank; W. D. Service, Cashier, in place of W. G. Cruse; H. E. Wasley, Asst. Cashier, in place of W. D. Service.

ILLINOIS.

Abingdon—First National Bank; O. Latimer, Pres., in place of W. B. Main; J. A. Reynolds, Vice-Pres., in place of J. F. Latimer; G. A. Shipplett, Cashier, in place of O. Latimer; H. L. Haynes, Asst. Cashier, in place of G. A. Shipplett.
Albany—First National Bank; H. R. Senior, Vice-Pres., in place of M. Woodburn, deceased.

Arthur—First National Bank; J. E. Morris, Pres., in place of F. Matters; S. A. Vradenburg, Cashier, in place of J. E. Morris.

Bloomington—State National Bank; R. Graff, Vice-Pres., in place of R. F. Evans; W. L. Moore, Asst. Cashier.

Byron—Farmers and Merchants' Bank; A. T. Roberts, Pres.

Cambridge—First National Bank; H. White, Vice-Pres., in place of F. G. Welton, deceased; B. Hadley, Cashier, in place of H. White; C. H. Coll, Asst. Cashier, in place of B. Hadley.

Capron—Capron Bank; B. F. Cornwall, Pres., deceased.

Carbondale—First National Bank; J. E. Mitchell, Asst. Cashier.

Carlyle—First National Bank; H. J. Schlafly, Asst. Cashier, in place of E. F. Ackermann.

Carmi—First National Bank; T. W. Hall, Pres., in place of J. A. Miller; W. G. Boyer, Cashier, in place of T. W. Hall.

Chicago—Bankers' National Bank; Robt. M. Wells, Vice-Pres.—Chicago City Bank; Chas. S. Brown, Cashier, deceased.—Continental National Bank; F. H. Elmore, W. Hattery and J. R. Washburn, Asst. Cashiers.—Drovers' Trust and Savings Bank; Wm. A. Tilden, Pres.—First National Bank; F. O. Wetmore, Vice-Pres., in place of D. R. Forgan; Aug. Blum, Vice-Pres.; C. N. Gillette, Cashier, in place of F. O. Wetmore.—Hibernian Banking Association; J. A. Rigdon and J. P. Murphy, Asst. Cashiers.

Clinton—DeWitt Co. National Bank; G. K. Ingham, Vice-Pres., in place of Wm. Metzger.

Collinsville—First National Bank; Wm. F. Niehans, Vice-Pres., in place of W. G. Burroughs.

Danville—Danville National Bank; W. P. Craig, Asst. Cashier, in place of J. Foster.

Edwardsville—First National Bank; G. W. Meyer, Vice-Pres., in place of E. P. Keshmer.

Effingham—First National Bank; C. L. Nolte, Asst. Cashier, in place of B. G. Ensign.

Farmer City—Old First National Bank; E. C. Swigart, Pres., in place of J. Swigart.

Grayville—First National Bank; W. W. Gray, Pres., in place of H. Gray; E. J. Briswalter, Vice-Pres.; H. C. Perry, Cashier, in place of W. W. Gray.

Henry—First National Bank; J. O. Hill, Vice-Pres., in place of R. D. Clarke.

Jacksonville — Jacksonville National Bank; H. J. Rodgers, Vice-Pres.; W. G. Goebel, Asst. Cashier.

Kankakee—City National Bank; F. M. Lockwood, Asst. Cashier.

Kewanee—Kewanee National Bank; E. J. Faull, Asst. Cashier, in place of E. S. Kellogg.—Union National Bank; N. W. Tibbetts, Vice-Pres., in place of H. L. Kellogg.

Kirkwood—First National Bank; no Asst. Cashier in place of G. S. Tubbs.

LaSalle—LaSalle National Bank; W. B. Hummer, Pres., in place of C. C. Slaughter.

Lincoln — German-American National Bank; L. C. Schwerdtfeger, Vice-Pres.; J. A. Tabke, Cashier, in place of L. C. Schwerdtfeger; F. W. Longan, Asst. Cashier, in place of J. A. Tabke.

Litchfield—First National Bank; J. R. Miller, Asst. Cashier.

Mendota—Mendota National Bank; B. J. Felk, Cashier, in place of G. D. Tower; L. F. Knauer, Asst. Cashier, in place of B. J. Felk.

Monmouth—National Bank; W. K. Stewart, Vice-Pres., in place of W. H. Frantz.

Morris—First National Bank; Geo. McCambridge, Cashier, in place of R. J. McGrath; R. S. Cunnea, Asst. Cashier, in place of Geo. McCambridge.

Mt. Pulaski—First National Bank; Robt. Aitchison, Vice-Pres., in place of A. H. Lucas; Geo. Rupp, Cashier, in place of R. Aitchison; R. D. Aitchison, Asst. Cashier, in place of Geo. Rupp.

National Stock Yards—Stock Yards Bank; N. Chesney, Pres.

Oakland—Oakland National Bank; S. C. Pemberton, Vice-Pres., in place of L. J. Norton.

Olney—First National Bank; J. T. Ratcliffe, Cashier, in place of R. N. Stotler, deceased; Nellie Levering, Asst. Cashier.

Paxton—First National Bank; H. B. Shaw, Asst. Cashier.

Peoria—Central National Bank; W. R. Cation, Asst. Cashier—Commercial German National Bank; Jno. Finley, Vice-Pres., in place of J. B. Greenhut.—Merchants' National Bank; F. H. Smith, Second Vice-Pres.

Pontiac—National Bank of Pontiac; no Second Vice-Pres. in place of S. E. Holtzman, deceased.

Princeton—Citizens' National Bank; Mary C. Ferris, Asst. Cashier.

Quincy—Quincy National Bank; W. T. Duker, Pres., in place of Louis Wolf; G. G. Arends, Vice-Pres., in place of S. Duker; J. L. Duker, Asst. Cashier, in place of G. G. Arends.

Robinson—First National Bank; C. S. Jones, Vice-Pres., in place of W. C. Jones; E. E. Lindsay, Asst. Cashier, in place of C. S. Jones.

Shelbyville—First National Bank; W. S. Middlesworth, Pres., in place of H. M. Scarborough; J. C. Westervelt, Vice-Pres., in place of W. S. Middlesworth.

Springfield—Farmers' National Bank; Geo. E. Keys, Asst. Cashier.

St. Anne—First National Bank; A. C. Schriepe, Vice-Pres.

Tremont—First National Bank; Geo. E. Bird, Vice-Pres., in place of Edw. Pratt.

Urbana—First National Bank; A. F. Fay, Pres., in place of F. M. Wright; C. W. Rolfe, Vice-Pres., in place of A. F. Fay; G. W. Webber, Cashier, in place of R. H. Griffin.

Vandalia—First National Bank; C. G. Sonnemann, Vice-Pres., in place of W. M. Farmer; J. E. Easterday, Asst. Cashier.

INDIANA.

Anderson—National Exchange Bank; G. S. Parker, Asst. Cashier, in place of J. W. Sansberry.

Aurora—Aurora National Bank; H. P. Spaeth, Pres., in place of R. Maybin; P. Orr, Vice-Pres., in place of H. P. Spaeth.

Bloomington—First National Bank; L. V. Buskirk, Pres., in place of P. K. Buskirk; P. K. Buskirk, Vice-Pres., in place of L. V. Buskirk.

Boswell — First National Bank; H. Bright, Vice-Pres., in place of J. S. Lawson, deceased.

Brazil—Riddell National Bank; C. F. Riddell, Cashier, in place of J. A. Morgan; A. O. Scharff, Asst. Cashier, in place of C. F. Riddell.

Crawfordsville—Citizens National Bank; W. K. Martin and W. W. Washburn, Vice-Pres.

Fort Wayne—Straus Bank; C. R. Wilson, Cashier, in place of M. C. Meyer.

Fowler—First National Bank; Geo. A. Matthews, Vice-Pres., in place of G. H. Gray.

Frankfort—First National Bank; R. M. Heavilon, Asst. Cashier.

Greensburg—Third National Bank; G. W. Adams, Asst. Cashier.

Huntingsburg—People's State Bank; Chas. Behrens, Cashier, reported embezzler.

Indianapolis—American National Bank; E. Woollen, Vice-Pres.; C. W. Minesinger and B. C. Downey, Asst. Cashiers.—Indiana National Bank; E. D. Moore, Asst. Cashier.

Kokomo—Citizens' National Bank; R. B. Scherer, Asst. Cashier.

Michigan City—First National Bank; Geo. P. Rogers, First Vice-Pres., in place of N. P. Rogers, deceased.

Mishawaka—First National Bank; F. A. Partridge, Asst. Cashier, in place of J. H. Fulmer, Jr.

Muncie—Union National Bank; W. W. Skirk, Vice-Pres., in place of C. F. Koontze.

Peru—First National Bank; M. A. Edwards, Asst. Cashier.

Princeton—People's National Bank; Robt. N. Parrett, Vice-Pres., in place of Jno. Sipp.

Shelbyville—Farmers' National Bank; J. H. Akers, Vice-Pres., in place of J. Joseph.

Sheridan—Farmers' National Bank; A. W. L. Newcomer, Pres., in place of J. C. Newby; J. C. Newby, Second Vice-Pres., in place of A. W. L. Newcomer.

South Bend—Merchants' National Bank; F. P. Bellinger, Pres., in place of J. M. De Rhodes.

Valparaiso—Farmers' National Bank; W. H. Gardner, Pres., in place of J. Gardner; P. W. Clifford, Vice-Pres.; E. J. Gardner, Cashier, in place of W. H. Gardner; A. N. Worstell, Asst. Cashier, in place of E. J. Gardner.—Valparaiso National Bank; T. L. Applegate, Asst. Cashier, in place of M. L. Dickson.

Vernon—First National Bank; Jno. Wenzel, Pres., in place of J. H. Abbett; E. H. Johnson, Vice-Pres., in place of J. H. Trapp.

Vincennes—Second National Bank; R. E. Purcell, Pres., in place of W. B. Robinson.

INDIAN TERRITORY.

Ada—First National Bank; C. H. Rives, Vice-Pres.

Bosswell—Bosswell National Bank; J. N. King, Cashier, in place of T. H. Bayless.

Comanche—First National Bank; E. M. Ralls, Cashier, in place of E. H. Andruss.

Davis—First National Bank; C. E. Royer, Pres., in place of Mat. Wolf.

Durant—First National Bank; F. D. Neely, Asst. Cashier.

Marlow—First National Bank; R. T. Lyle, Pres., in place of J. D. Sugg; R. D. Benson, Vice-Pres., in place of J. J. Adkins; Geo. D. Brown, Vice-Pres.

Muskogee—Commercial National Bank; D. N. Fink, Vice-Pres.; E. D. Sweeney, Cashier, in place of D. N. Fink; G. T. Thompson, Jr., Asst. Cashier, in place of E. D. Sweeney.—First National Bank; no cashier in place of B. A. Randle; E. E. Million, Asst. Cashier.

Okmulgee—First National Bank; F. E. Dietrich, Pres., in place of Geo. McLagan; W. C. McAdoo, Vice-Pres., in place of W. A. Saunders; A. F. Seider, Cashier, in place of T. R. H. Smith; no Asst. Cashier in place of H. E. Hulen.

Roff—First National Bank; L. T. Tryon, Cashier, in place of C. S. Hudson.

Tahlequah—Cherokee National Bank; H. B. Teehee, Cashier.

Talala—First State Bank; R. R. Dennett, Pres.

Vinita—Cherokee National Bank; J. W. Orr, Pres., in place of W. P. Farley; R. V. McSpadden, Cashier, in place of C. H. Collins.—First National Bank; Chas. H. Collins, Asst. Cashier.

Wagoner—First National Bank; J. W. Wallace, Jr., Asst. Cashier.

Wapanucka—First National Bank; R. E. Wade, Pres., in place of J. M. Burns.

Wewoka—First National Bank; O. F. McConnell, Cashier, in place of W. E. Dixon.

Wynnewood—Southern National Bank; G. L. Bradfield, Cashier, in place of P. V. Robb; T. L. Knight, Asst. Cashier, in place of G. L. Bradfield.

IOWA.

Akron—Akron Savings Bank; T. J. Stinton, Pres., in place of R. D. Clark.

Anamosa—Anamosa National Bank; P. Chamberlain, Vice-Pres.

Atlantic—Atlantic National Bank; C. R. Hunt, Vice-Pres., in place of H. L. Henderson.—Iowa Trust and Savings Bank; W. L. Overman, Pres.

Ayrshire—First National Bank; Jno. Sherlock, Vice-Pres., in place of Geo. Barfoot.

Belle Plaine—Citizens' National Bank; S. P. Van Dike, Second Vice-Pres.; J. F. Miller, Cashier, in place of S. D. Van Dike; W. O. Brand, Asst. Cashier, in place of J. F. Miller.

Burlington—National State Bank; C. E. Brooks and Geo. W. Roth, Asst. Cashiers.

Cedar Rapids—Citizens' National Bank; J. R. Amidon, Pres., in place of J. L. Bever.

Charles City—First National Bank; H. M. Walleser, Cashier.

Clutier—First National Bank; J. P. Novak, Asst. Cashier.

Coin—Farmers and Merchants' State Bank; Chas. Hart, Pres., in place of Wm. Wilson.

Coon Rapids—Coon Rapids National Bank; Dana Reed, Vice-Pres., in place of T. R. Lambert.—First National Bank; Geo. H. Dixon, Cashier, in place of J. A. Dixon.

Corwith—First National Bank; B. Major, Pres., in place of T. A. Way.

Creston—First National Bank; R. I. Pinkerton, Asst. Cashier.

Davenport—Citizens' Trust and Savings Bank; C. J. Canlan, Asst. Cashier.—German Savings Bank; C. N. Voss, Pres., J. Lorensen, Vice-Pres.; A. A. Balluff, Second Vice-Pres.; E. Kauffmann, Cashier; F. C. Kroeger, Asst. Cashier.

Dunlap—First National Bank; A. N. Jordan, Cashier, in place of H. A. Moore; G. F. Haas, Asst. Cashier, in place of A. N. Jordan.

Eldon—First National Bank; C. W. Finney, Cashier, in place of H. E. Ritz.

Emmetsburg—First National Bank; Robt. Laughlin, Cashier, in place of A. H. Keller.

Garden Grove—First National Bank; J. W. Stearns, Cashier, in place of G. M. Russell; G. M. Russell, Asst. Cashier, in place of J. W. Stearns.

Grundy Center—Grundy County National Bank; Naomi C. Tompkins, Asst. Cashier.

Indianola—First National Bank; F. H. McClure, Asst. Cashier.

Jewell Junction—First National Bank; J. S. Smith, Vice-Pres., in place of J. B. Thompson.

Knoxville—Citizens' National Bank; J. C. Collins, Asst. Cashier, in place of S. Collins.

Lake City—First National Bank; W. Jacobs, Asst. Cashier.

Laporte City—First National Bank; Roy E. Ashley, Asst. Cashier.

Leclaire—Leclaire Savings Bank; W. A. Shirk, Vice-Pres.

Lyons—First National Bank; J. H. Peters, Vice-Pres., in place of Wm. Holmes; M. J. Gabriel, Cashier, in place of J. H. Peters.

Lyons—Lyons Savings Bank; J. H. Peters, Vice-Pres.

Manchester—First National Bank; H. Carr, Vice-Pres., in place of R. R. Robinson.

Manilla—Manilla National Bank; E. Theobold, Asst. Cashier, in place of M. F. Strauser.

Marengo—First National Bank; F. Cook, Pres., in place of J. H. Branch; H. E. Oldaker, Cashier, in place of Frank Cook.

Mason City—City National Bank; J. F. Shaible, Cashier, in place of W. R. Daggett.

Muscatine—First Trust and Savings Bank (successor to Muscatine Savings Bank); J. Carskadden, Pres.; R. S. Smith, Vice-Pres.; S. G. Stein, Cashier.

New Hampton—First National Bank; G. M. Bigelow, Pres., in place of A. E. Bigelow; C. H. Kenyon, Asst. Cashier, in place of G. M. Bigelow.

Oskaloosa—Mahaska Co. State Bank; R. M. Boyer, Cashier, in place of J. T. Barnes.

Parkersburg—Beaver Valley State Bank; H. W. Wilhelms, Pres.; A. Lahr, Vice-Pres.; T. R. Tammen, Cashier.

Red Oak—Farmers' National Bank; J. F. Brown, Vice-Pres., in place of G. C. Boileau; no Asst. Cashier, in place of G. W. Thomas.

Richland—First National Bank; G. R. Horn, Vice-Pres., in place of J. Marz.

Rolf—First National Bank; J. H. Charlton, Pres., in place of J. P. Farmer; D. Brinkman, Vice-Pres., in place of J. H. Charlton; J. H. Brinkman, Asst. Cashier.

Shenandoah—First National Bank; Henry Read, Asst. Cashier, in place of T. H. Read, Jr.
Sioux City—Live Stock National Bank; Geo. S. Parker, Pres., in place of G. H. Rathman; W. P. Dickey, Asst. Cashier, in place of J. H. Osborne.—Northwestern National Bank; Jno. Scott, Jr., Pres., in place of A. Anderson; I. M. Lyon, Asst. Cashier.
Stanton—First National Bank; L. J. Newman, Vice-Pres., in place of C. G. Lind.
Titonka—First National Bank; E. V. Swetting, Vice-Pres., in place of L. A. Schneider.
Toledo—First National Bank; E. C. Ebersole, Vice-Pres.; Robt. Muckler, Asst. Cashier.
Traer—First National Bank; L. E. Wood, Pres., in place of James Wilson.
Van Horne—Farmers' Savings Bank; Wm. Jewett, Pres.; M. Kelley, Vice-Pres.
Vinton—People's Savings Bank; Jno. Lorenz, Vice-Pres.; A. B. Allen, Cashier.
Vinton—State Bank; E. K. Ray, Asst. Cashier, resigned.
Waterloo—Leavitt and Johnson National Bank; Emma Rodamar, Asst. Cashier.
Webster City—First National Bank; E. F. King, Cashier, in place of A. F. Hoffman; W. C. Pyle, Asst. Cashier, in place of E. F. King.
West Bend—West Bend Savings Bank; J. Thatcher, Vice-Pres.
Williams—First National Bank; J. McCarley, Pres., in place of R. J. Hurd; C. M. Trumbauer, Cashier, in place of Jno. McCarley.
Wilton—Farmers' Savings Bank; A. Wacker, Asst. Cashier.
Winterset—Citizens' National Bank; J. P. Steele, Vice-Pres., in place of S. G. Ruby.
Woodbine—First National Bank; H. M. Bostwick, Vice-Pres.; Geo. W. Coe, Cashier, in place of H. M. Bostwick; S. L. Hull, Asst. Cashier, in place of Geo. W. Coe.

KANSAS.

Arrington—State Bank; Wm. Stocking, Cashier.
Caldwell—Caldwell National Bank; C. Bailey, Asst. Cashier.
Cherokee—First National Bank; A. C. Graves, Pres., in place of T. G. Wiles, Acting Pres.; F. N. Chadsey, Vice-Pres., in place of T. G. Wiles; Jno. H. Tharp, Asst. Cashier.
Cherryvale—Montgomery National Bank; Jno. W. Houck, Vice-Pres., in place of J. M. Courtney.
Coffeyville—First National Bank, W. H. Shepard, Vice-Pres., in place of Thos. Schurr, Jr.; no Asst. Cashier in place of W. A. Newman.
Emporia—Emporia National Bank; L. W. Lewis, Vice-Pres., in place of W. T. Soden, deceased.
Eureka—Citizens National Bank; C. E. Moore, Pres., in place of E. Crebo; J. Redman, Asst. Cashier, in place of E. J. Wolf.—First National Bank; I. P. Nye, Vice-Pres., in place of E. W. Thrall; Wm. Johnston, Cashier, in place of I. P. Nye.
Havensville—First National Bank; M. S. Knox, Pres., in place of G. Beach; J. Shove, Vice-Pres., in place of M. S. Knox.
Howard—Howard National Bank; N. Barber, Pres., in place of G. W. McKey; J. W. Eby, Vice-Pres., in place of N. Barber.
Independence — Commercial National Bank; J. N. Masters, Asst. Cashier.
Junction City—First National Bank; W. F. Miller, Asst. Cashier.
Kincaid—Bank of Kincaid; Edith Cusick, Asst. Cashier.
Kingman—First National Bank; no Assist. Cashier, in place of P. H. McKenna.
Lawrence—Lawrence National Bank; Geo. W. Kuhne, Asst. Cashier.
Leavenworth — Leavenworth National Bank; E. P. Willson, Vice-Pres.
Leroy—First National Bank; L. V. Watson, Asst. Cashier, in place of C. R. Hoyt.
Mount Hope—First National Bank; J. R. Fisher, Pres., in place of F. Christensen.
Oberlin—Oberlin National Bank; C. Bush, Asst. Cashier, in place of A. C. Bush.
Onaga—Citizens State Bank; C. A. Gritzmacker, Cashier.
Osborne—First National Bank; E. L. Botkin, Asst. Cashier.
Phillipsburg—First National Bank; J. R. Burrow, Pres., in place of Geo. Veeh.
Pittsburg—First National Bank; H. B. Kamm, Asst. Cashier, in place of A. E. Maxwell.
Sturgis—First National Bank; G. L. Shouse, Asst. Cashier.
Valley Falls—Citizens' State Bank; J. T. E. Gephart, Pres.; C. T. Gephart, Cashier.
Waterville—State Bank of Waterville; incorporated.
Yates Center—Yates Center National Bank; C. G. Ricker, Vice-Pres.

KENTUCKY.

Augusta—Farmers' National Bank; W. A. Field, Asst. Cashier.
Barbourville—First National Bank; F. D. Sampson, Pres., in place of J. G. Matthews; R. W. Cole, Cashier, in place of Wm. Lock; no Asst. Cashier, in place of G. A. Lock.
Carrollton—First National Bank; T. B. Forbes, Asst. Cashier, in place of W. Adcock.

Covington—Covington Savings Bank and Trust Co.; Jno. A. Simpson, Pres.

Fulton—First National Bank; W. A. Usher, Pres., in place of J. L. Stunston; R. N. Whitehead, Vice-Pres.

Glasgow—Trigg National Bank; T. P. Dickinson, Pres., in place of W. L. Porter; G. T. Duff, Vice-Pres., in place of I. L. Rousseau; A. Trigg, Cashier, in place of T. P. Dickinson; W. G. Locke, and H. B. Trigg, Asst. Cashiers.

Lebanon—Citizens' National Bank; R. E. Young, Pres., in place of R. Y. McElroy; A. J. Gundy, Vice-Pres., in place of R. E. Young.

Lebanon—Marion National Bank; W. C. Rogers, Pres., in place of J. M. Knott; W. B. Timmons, Asst. Cashier.

Lexington—Third National Bank; H. P. Hadley, Vice-Pres., in place of Y. Alexander; Y. Alexander, Cashier, in place of G. H. Barr.

London—First National Bank; W. A. Pugh, Vice-Pres., in place of G. H. Brown.

Louisville—American National Bank; no Vice-Pres., in place of J. S. Bockbee, deceased.—National Bank of Kentucky; H. D. Ormsby, Cashier, in place of E. W. Hays.—Southern National Bank, P. N. Clarke, Vice-Pres.; H. Thiemann, Cashier, in place of H. D. Ormsby.—Third National Bank; Jno. J. McHenry, Vice-Pres.

Monticello—Citizens' National Bank; W. F. Fairchild, Pres., in place of H. H. Henninger.

Nicholasville—First National Bank; H. B. Campbell, Vice-Pres., in place of G. I. Brown, deceased.

Paducah—First National Bank; F. H. Rieke, Vice-Pres., in place of M. Bloom.

Paintsville—Paintsville National Bank; J. W. Turner, Asst. Cashier, in place of J. H. Preston.

Paris—First National Bank; R. F. Clendenin, Asst. Cashier.

LOUISIANA.

Crowley—Crowley State Bank; W. E. Ellis, Vice-Pres., in place of M. Abbott, resigned; A. B. Allison, Cashier, in place of W. E. Ellis.

Delhi—Bank of Delhi; W. F. Taylor, Pres.; J. D. Herring, Vice-Pres.

Kentwood—Kentwood Bank; W. A. Gill, Cashier, resigned.

Lake Charles—Lake Charles National Bank; W. P. Weber, Vice-Pres., in place of C. S. Ramsay.

Monroe—Onachita National Bank; J. S. Handy, Vice-Pres., in place of F. P. Stubbs; J. T. Austin, Asst. Cashier, in place of T. Oliver.

New Orleans—Whitney-Central National Bank; Jno. B. Ferguson, Cashier, in place of J. M. Pagand; E. H. Keep and M. Pyk, Asst. Cashiers.

Vidalia—Bank of Vidalia; Louis Buckner, Cashier.

Welsh—First National Bank; J. H. Cooper, Vice-Pres., in place of C. P. Martin.

MAINE.

Bangor—Eastern Trust and Banking Co.; E. R. Adams, Vice-Pres.

Bangor—Merchants' National Bank; F. W. Adams, Cashier, in place of A. P. Baker; no Asst. Cashier, in place of F. W. Adams.

Bath—Bath National Bank; H. A. Walters, Asst. Cashier.

Bath—First National Bank; G. C. Moses, Pres., in place of E. W. Hyde.

Camden—Camden National Bank; J. F. Stetson, Pres., in place of H. L. Alden; C. C. Wood, Vice-Pres.; T. J. French, Cashier, in place of J. F. Stetson.

Dexter—First National Bank; W. E. Brewster, Pres., in place of C. Foss; S. S. Ireland, Vice-Pres., in place of W. E. Brewster.

Ellsworth—First National Bank; A. W. King, Pres., in place of A. P. Wiswell; J. A. Peters, Vice-Pres., in place of A. W. King; L. M Moore, Asst. Cashier.

Norway—Norway National Bank; H. D. Smith, Vice-Pres., and Cashier.

Rumford Falls—Rumford Falls National Bank; F. O. Eaton, Pres., in place of J. A. Decker.

MARYLAND.

Baltimore—Commercial and Farmers' National Bank; F. V. Baldwin, Asst. Cashier.—Maryland National Bank; T. Rollins, Pres., pro. tem., in place of E. H. Thomson, deceased; H. S. Platt, Vice-Pres., pro. tem., in place of T. Rollins.—Third National Bank; A. B. Crouch, Cashier, in place of J. F. Sippel; no Asst. Cashier, in place of A. B. Crouch.

Canton—Canton National Bank; F. A. Dolfield, Pres., in place of H. J. McGrath; M. R. Bramble, Cashier, in place of J. W. H. Geiger.

Greensboro—Caroline Co. Bank; D. J. Zacharias, Pres., in place of W. H. Dewees.

Middletown—People's Savings Bank; succeeded Valley Savings Bank.

Rising Sun—National Bank; C. S. Pyle, Cashier, in place of H. F. Richards; M. E. Flounders, Asst. Cashier.

Salisbury—Salisbury National Bank; Jay Williams, Vice-Pres., in place of W. B. Tilghman.

Westminster—Farmers and Mechanics' National Bank; D. Stoner, Vice-Pres.

MASSACHUSETTS.

Adams—South Adams Savings Bank; B. F. Phillips, Vice-Pres., deceased.

Amesbury—Amesbury National Bank; Jno. Hassett, Pres., in place of J. Hume; R. E. Briggs, Vice-Pres., in place of Jno. Hassett.

Boston—American Loan & Trust Co., title changed to American Trust Co.—National Shawmut Bank; H. Murdock, Vice-Pres., in place of E. H. Ferry; F. Houghton, Asst. Cashier.—State Street Trust Co.; C. F. Allen, Secy.; C. O. Zerrahn, Asst. Secy.—(Charlestown)—Warren Institution for Savings; C. R. Lawrence, Pres., in place of G. S. Poole, resigned.

Chicopee—Chicopee Savings Bank; A. J. Jenks, Vice-Pres.

Fitchburg—Fitchburg National Bank; H. J. Wallace, Pres.; J. L. Johnson, Vice-Pres., in place of H. J. Wallace.—Wachusett National Bank; G. N. Proctor, Pres., in place of G. E. Clifford.

Gloucester—Gloucester National Bank; W. H. Jordan, Pres., in place of L. A. Burnham; Wm. Babson, Vice-Pres., in place of W. H. Jordan; W. Babson, Cashier.

Haverhill—Merrimac National Bank; C. H. Dutton, Jr., Second Vice-Pres.

Lynn—Lynn Five Cents Savings Bank; H. A. Pevear, Vice-Pres.

Medway—Medway Savings Bank; A. E. Bullard, Pres., in place of A. Park, resigned.

Melrose—Melrose Savings Bank; D. Russell, Pres., deceased.

Nantucket—Nantucket Institution for Savings; David Folger, Pres., resigned.

Newburyport—Five Cents Savings Bank; N. Dole, Pres.—Institution for Savings; Wm. Balch, Treas., in place of L. W. Piper.

North Attleboro—Attleboro Savings Bank; E. E. King, Treas.

Palmer—Palmer National Bank; J. F. Holbrook, Pres., in place of C. H. Hobbs; E. G. Childs, Vice-Pres., in place of J. F. Holbrook.

Pittsfield—Pittsfield National Bank; Geo. H. Tucker, Pres., in place of W. W. Gamwell; E. Bonney, Cashier, in place of Geo. H. Tucker.

Springfield—Chapin National Bank; C. W. Bliss, Pres., in place of W. F. Callender; J. R. Miller, Vice-Pres.; J. C. Kemater, Cashier, in place of G. R. Yerrall.

Taunton—Taunton National Bank; C. L. Godfrey, Cashier, in place of G. W. Andros.

Waltham—Waltham Savings Bank; Geo. R. Beale, Treas., in place of C. F. Stone.

Wareham—Wareham Savings Bank; Jno. C. Makepeace; Jno. Huxtable, Vice-Pres.

Watertown—Union Market National Bank; J. F. Tufts, Cashier, in place of G. S. Parker.

Worcester—Worcester Five Cents Savings Bank; G. J. Rugg, Vice-Pres., deceased.

MICHIGAN.

Alpena—Alpena National Bank; Fred H. Orcutt, Vice-Pres.

Concord—Farmers' State Bank; C. V. Cutting, Cashier; V. Keeler, Asst. Cashier.

Detroit—Citizens' Savings Bank; H. Wallace, Vice-Pres., in place of Thos. Berry.—State Savings Bank and People's Savings Bank, consolidate, under title of People's State Bank.

Durand—First National Bank; Geo. Brooks, Vice-Pres.

Grand Rapids—Old National Bank; Geo. C. Pierce, Vice-Pres.

Hancock—First National Bank; A. Mette, Pres., in place of S. B. Harris; W. R. Thompson, Cashier, in place of Wm. Condon; Jno. C. Condon, Asst. Cashier.

Hillman—Montmorency County Bank, succeeded by Montmorency Co. Savings Bank.

Ironwood—First National Bank; G. H. Beddow, Asst. Cashier.

Ishpeming—Miners' National Bank; H. O. Young, Vice-Pres., in place of D. McVichie.

Mancelona—Antrim Co. State Savings Bank; H. C. White, Pres., in place of C. E. Blakeley, retired.

Muskegon—Hackley National Bank; F. H. Smith Vice-Pres.

Niles City—Niles City Bank; D. S. Scoffern, Pres.; V. M. Stoll, Vice-Pres.; Geo. L. Faurote, Cashier.

South Range—South Range Bank; Geo. C. Edwards, Cashier.

Sparta—Sparta State Savings Bank; capital increased to $18,000.

MINNESOTA.

Albert Lea—First National Bank; M. H. Sprague, Asst. Cashier, in place of H. E. Kellar.

Alexandria—First National Bank; G. B. Ward, Pres., in place of F. B. Van Hoesen, deceased.

Audubon—Citizens' Bank; A. O. Netland, Cashier; Ole A. Netland, Asst. Cashier.

Badger—Scandinavian American Bank, succeeded the Farmers and Merchants' Bank.

Beaudette—Security State Bank; A. Berg, Pres.; J. A. Mathien, Vice-Pres.; J. C. Utton, Cashier; E. C. Hedberg, Asst. Cashier.

Bermidji—First National Bank; F. P. Sheldon, Pres., in place of C. W. Hastings.

Breckenridge — Breckenridge National Bank; J. M. Ehlert, Asst. Cashier.

Bricelyn—First National Bank; O. J. Clark, Vice-Pres., in place of A. Foster; K. O. Sandum, Cashier, in place of E. E. Aldrich.

Campbell—First National Bank; J. Schendel, Cashier, in place of V. S. Kidd.

Cannon Falls—Citizens' State Bank; A. W. Swanson and P. E. Johnson, Asst. Cashiers.

Cass Lake—First National Bank; J. P. Foote, Vice-Pres., in place of S. Sutor.

Chisholm—Miners' State Bank; W. M. Pratt, Cashier.

Crookstown—Merchants' National Bank; W. E. McKenzie, Vice-Pres., in place of Jno. Moore.

Dawson—First National Bank; B. O. Hill, Asst. Cashier.

Duluth—Duluth Savings Bank; J. L. Washburn, Pres.

Ely—Bank of Ely, succeeded by State Bank of Ely.

Faribault—Citizens' National Bank; H. F. Kester, Vice-Pres., in place of W. E. Blodgett.

Hendricks—First National Bank; C. C. Swenson, Asst. Cashier.

Hibbing—First National Bank; D. C. Rood, Second Vice-Pres.; H. H. Stannard, Second Asst. Cashier.

Little Falls—First National Bank; Wm. Davidson, Second Vice-Pres.; J. K. Martin, Cashier, in place of A. R. Davidson; A. R. Davidson, Asst. Cashier, in place of J. K. Martin.

Mankato—National Citizens Bank, L. Cray, Pres., in place of W. G. Hoerr; F. R. Meagher, Vice-Pres., in place of L. Cray.

Minneapolis—National Bank of Commerce; A. A. Crane, Vice-Pres.; W. S. Harris, Cashier, in place of A. A. Crane; S. S. Cook, Asst. Cashier.—People's Bank; H. G. Merritt, Pres., in place of W. Campbell, retired.—St. Anthony Falls Bank; capital increased to $200,000.

Owatonna—First National Bank; J. M. Diment, Vice-Pres., in place of C. J. Kinyon; C. J. Kinyon, Cashier, in place of P. H. Evans.

Pelican Rapids—First National Bank; M. T. Weikle, Cashier, in place of N. E. Hangen.

Redwood Falls—First National Bank; E. Kuenzli and E. A. Luscher, Vice-Pres.

Slayton—First National Bank; R. V. Reed, Cashier; C. F. Paxton, Asst. Cashier, in place of R. V. Reed.

Sleepy Eye—First National Bank; W. H. Hartman, Asst. Cashier.

Staples—First National Bank; E. K. Nichols, Vice-Pres., in place of S. L. Frazier; W. A. Brown, Cashier, in place of E. K. Nichols.

St. Paul—Security Trust Co.; M. R. Mongan, Vice-Pres., and E. Birchall, Asst. Secy.

Thief River Falls—First National Bank; R. Oen, Pres., in place of A. C. Baker; F. H. Gambell, Vice-Pres., in place of R. Oen; W. W. Prichard, Jr., Asst. Cashier.

Tracy—First National Bank; E. Herzog, Cashier, in place of I. W. Bedle.

Truman—Truman National Bank; G. M. Seaburg, Cashier, in place of J. J. Arms.

Wabasha—First National Bank; Chas. A. Chase, Vice-Pres.

Waseca—People's State Bank; capital increased to $50,000; R. P. Ward, Pres.; D. S. Cummings, Vice-Pres.; H. C. Didra, Cashier; C. Turnacliff, Asst. Cashier.

Wells—First National Bank; B. Smout, Vice-Pres., in place of P. M. Joice.

Wilmot—First National Bank; E. Brickson, Pres., in place of E. H. Rich; J. Montgomery, Vice-Pres., in place of E. Brickson.

Windom—First National Bank; J. M. McGregor, Pres., in place of Jno. Hutton; E. C. Huntington, Vice-Pres., in place of J. N. McGregor; C. Nelson, 2d Vice-Pres.

Worthington—Citizens' National Bank; F. Glagow, Vice-Pres.; O. W. Tupper, Asst. Cashier, in place of I. P. Fox.

Zumbrota—First National Bank; A. E. Mosher, Cashier, in place of E. S. Person.

MISSISSIPPI.

Greenville—Merchants and Planters' Bank; Wm. Starling, Cashier, reported embezzler.

Hattiesburg—First National Bank; A. F. Thomasson, Vice-Pres., and Cashier.

Lucedale—Bank of Lucedale; Simon London, Cashier, in place of L. R. Priester, resigned.

Lumberton—First National Bank; W. W. Pigford, Pres., in place of H. A. Camp; J. S. Love, Vice-Pres., in place of W. W. Pigford; J. S. Love, Cashier.

Meridian—Southern Bank; B. V. White, Pres., in place of C. P. Wetherbee, resigned; P. E. Rivers, Vice-Pres., deceased.

Natchez—Merchants and Planters' Bank; absorbed by First Natchez Bank.

Newton—Merchants and Farmers' Bank; J. J. Tatom, Vice-Pres.; R. E. Williams, Asst. Cashier.

Vicksburg—Merchants' National Bank; W. S. Jones, Vice-Pres.; J. F. Walker, Jr., Cashier, in place of W. S. Jones.

Yazoo—Commercial State Bank and Trust Co.; R. S. Wheless, Pres., in place of S. R. Berry, resigned.

MISSOURI.

Bonne Terre—Farmers and Miners' Bank; title changed to Farmers and Miners' Trust Co.

California—Farmers and Traders' Bank; G. A. Burkhardt, Pres., deceased.

Cameron—First National Bank; J. C. McCoy, Vice-Pres., in place of G. F. Merwin; H. S. Beery, Asst. Cashier, in place of D. F. Wood.

Centralia—Bank of Centralia; J. M. Angel, Pres., deceased.

Chillicothe—First National Bank; T. C. Beasley, Pres., in place of Jno. T. Milbank; Jno. T. Milbank, Vice-Pres., in place of E. Kirtley.

Greenfield—R. S. Jacobs Banking Co.; M. Talbutt, Pres.; J. G. Sloane, Vice-Pres.; C. McLemore, Asst. Cashier.

Hamilton—First National Bank; R. W. Cox, Asst. Cashier, in place of C. A. Greene.

Jasper—First National Bank; H. A. Ringer, Pres., in place of B. A. Gooding; M. B. Fairfield, Vice-Pres., in place of H. A. Ringer; N. H. Patterson, Asst. Cashier.

Joplin—Citizens' State Bank; Wm. Leffen, Vice-Pres., in place of J. W. Freeman.

Kansas City—American National Bank; Jno. Worthington, Vice-Pres., in place of A. Day; Jno. C. Hughes, Cashier, in place of G. B. Gray.

Monett—First National Bank; O. H. Hudson, Asst. Cashier, in place of G. E. Badger.

Nevada—Bank of Nevada; J. H. Rinehart, Pres., in place of H. W. Duck.

Springfield—National Exchange Bank; L. S. Meyer, Pres., in place of J. F. Meyer; I. Link, Vice-Pres., in place of L. S. Meyer.

Stewartsville—First National Bank; Jno. A. Deppen, Vice-Pres., in place of T. L. King; L. P. Pickett, Asst. Cashier.

St. Joseph—Bartlett Trust Co.; C. A. Frazier, Treas.—First National Bank of Buchanan County; W. P. Fulkerson, Pres., in place of J. M. Ford; J. T. Trenery, Vice-Pres.; E. C. Hartwig, Cashier, in place of W. F. Fulkerson; W. F. Maxwell, Asst. Cashier, in place of E. C. Hartwig.—St. Joseph Stock Yards Bank; capital increased to $150,000.

St. Louis—German American Bank; C. E. Kircher and L. Brinckwirth, Vice-Pres.; L. F. Placke, Cashier; L. S. Kohlbry, Asst. Cashier.—Missouri Lincoln Trust Co.; P. French, Pres.; J. W. Harrison, Vice-Pres.; C. Hamilton, Treas.—National Bank of Commerce; Van L. Runyan, J. W. Reinholdt, A. L. Weissenborn and Geo. R. Baker, Asst. Cashiers.

Unionville—Marshall National Bank; C. L. Crooks, Asst. Cashier.

MONTANA.

Bozeman—Commercial National Bank; J. H. Baker and A. Yergey, Asst. Cashiers.

Havre—Security State Bank; W. A. Clarke, Pres.

White Sulphur Springs—First National Bank; M. B. Hampton, Asst. Cashier.

NEBRASKA.

Avoca—Bank of Avoca; H. C. Wellensick, Cashier, succeeded by Geo. Rowland.

Beatrice—First National Bank; L. B. Howey, Pres., in place of W. C. Black; W. C. Black, Jr., Vice-Pres., in place of F. H. Howey; F. H. Howey, Cashier, in place of L. B. Howey; J. L. Anderson, Asst. Cashier.

Butte—Bank of Boyd County; E. Boynton, Pres.; H. A. Olerich, Vice-Pres.; M. L. Horke, Cashier.

Columbus—Commercial National Bank; H. P. H. Oehlrich, Pres., in place of C. H. Sheldon; J. Welch, Vice-Pres., in place of H. P. H. Oehlrich.

David City—Central Nebraska National Bank; P. N. Meysenberg, Vice-Pres., in place of J. Klosterman.—First National Bank; no Cashier, in place of F. W. Ruzicka.

Elwood—First National Bank; E. Shallenberger, Pres., in place of Jno. M. Ragan; J. M. Ragan, Vice-Pres., in place of E. Shallenberger; B. S. Koehler, Cashier, in place of J. M. Ragan, Jr.

Greenwood—First National Bank; E. M. Welton, Vice-Pres., in place of F. G. Welton, deceased.

Hartington—First National Bank; R. G. Mason, Cashier, in place of H. J. Oswald.

Jansen—Bank of Jansen; J. E. Crebe, Cashier, in place of C. J. Classen.

Kearney—City National Bank; D. Morris, Asst. Cashier.

Nebraska City—Farmers' Bank; H. H. Harks, Cashier, resigned.—Merchants National Bank; Joy Morton, Vice-Pres., in place of W. A. Cotton.

Nelson—First National Bank; Geo. Lyon, Jr., Vice-Pres., in place of W. A. Voight.

Newman Grove—First National Bank; C. L. Juell, Vice-Pres., in place of G. C. Johnson.

Omaha—Nebraska National Bank; L. S. Reed, Vice-Pres.; W. E. Shepard, Cashier, in place of L. S. Reed.

Ord—First National Bank; E. J. Williams, Asst. Cashier, in place of A. Blessing.

Pawnee City—Farmers' National Bank; B. C. Smith and H. C. Hassler, Asst. Cashiers.

South Omaha—South Omaha National Bank; H. C. Bostwick, Pres., in place

of G. C. Barton; Jno. S. King and J. B. Owen, Asst. Cashiers.
Superior—Superior National Bank; S. N. Johnston, Pres., in place of J. S. Johnston, deceased; H. C. Hanna, Asst. Cashier.
Tekamah—First National Bank; Geo. Baker, Asst. Cashier.
West Point—West Point National Bank; J. T. Baumann, Vice-Pres.; no Asst. Cashier, in place of J. T. Baumann.
York—First National Bank; Geo. P. Chessman, Vice-Pres.

NEW HAMPSHIRE.

Berlin—City National Bank; H. W. Noyes, Asst. Cashier, in place of L. B. Lane.
Exeter—Union Five Cents Savings Bank; Sarah C. Clark, Secy. and Treas.
Gorham—Gorham National Bank; A. B. Libby, Vice-Pres., in place of A. H. Eastman; A. H. Eastman, Cashier, in place of E. L. Chenette.
Tilton—Citizens' National Bank; E. G. Philbrick, Pres., in place of F. N. Parsons; F. Hill, Vice-Pres., in place of E. G. Philbrick.

NEW JERSEY.

Atlantic City—Atlantic City National Bank; E. S. Bartlett, Cashier, in place of F. P. Quigley.
Belvidere—Belvidere National Bank; Jno. B. Brookfield, Cashier, in place of A. B. Kelsey; Jno. Snyder, Asst. Cashier, in place of Jno. B. Brookfield.
Bound Brook—First National Bank; Wm. W. Smalley, Vice-Pres.
Bridgeton—Cumberland National Bank; F. M. Riley, Pres., in place of W. G. Nixon, deceased; R. M. Seeley, Cashier, in place of F. M. Riley; H. W. Scull, Asst. Cashier, in place of R. M. Seeley.
Jersey City—Second National Bank; G. E. Bailey, Asst. Cashier.
Long Branch—Citizens' National Bank; no Cashier, in place of H. B. Sherman, Jr.
Manasquan—First National Bank; Jno. W. Borden, Vice-Pres.
Morristown—Morristown Trust Co.; A. B. Hull, Vice-Pres., deceased.—National Iron Bank; M. L. Toms, Asst. Cashier.
Newark—Federal Trust Co.; W. C. Garrison, Vice-Pres., in place of B. Atha, resigned; J. W. Crooks, Treas., in place of F. L. Luff, resigned; J. Smith, Jr., Pres.
Pennington—First National Bank; R. M. Woolsey, Asst. Cashier.
Woodbury—Farmers and Mechanics' National Bank; no Vice-Pres., in place of E. Jones.

NEW MEXICO.

Carlsbad—First National Bank; A. C. Heard, Vice-Pres., in place of F. G. Tracy.
Clayton—First National Bank; E. Everett, Asst. Cashier.
Silver City—Silver City National Bank; H. A. Martin, Vice-Pres., in place of J. C. Cureton.

NEW YORK.

Albion—Orleans Co. National Bank; A. C. Burrows, Pres., in place of W. B. Dye; E. K. Hart, Asst. Cashier.
Auburn—National Bank; no Asst. Cashier, in place of R. R. Keeler.
Binghamton—People's Bank; J. M. Kilmer, Pres., in place of W. H. Wilkinson, resigned; W. S. Kilmer, Vice-Pres.
Boonville—First National Bank; B. C. Tharratt, Vice-Pres.
Brooklyn—Jenkins Trust Co.; H. M. Shaw, Cashier, reported embezzler.—Manufacturers' National Bank; A. D. Seymour, Pres., in place of W. Dick; J. H. Dick, Vice-Pres., in place of A. D. Seymour.—Title Guarantee and Trust Co.; C. D. Burdick, Third Vice-Pres.; Jno. W. Shepard, Asst. Treas.; N. B. Simon, H. Anderson and D. Blank, Asst. Secys.
Buffalo—Marine National Bank; J. H. Lascelles, Vice-Pres.; C. Hubbell, Cashier, in place of J. H. Lascelles.
Fulton—First National Bank; N. N. Stranahan, Vice-Pres., in place of F. E. Weeder; L. C. Foster, Cashier, in place of Amos Youmans.
Geneva—Geneva National Bank; S. K. Nester, First Vice-Pres.; O. J. C. Rose, Second Vice-Pres.
Glens Falls—First National Bank; B. Lapham, Pres., in place of W. McEchron, deceased.
Hoosick Falls—First National Bank; C. W. Easton, Vice-Pres.
Jamaica—Jamaica Savings Bank; Wm. A. Warnock, Vice-Pres.; J. T. Watts, Treas., in place of Geo. L. Peck, deceased.
Kingston—Ulster Co. Savings Institution; E. H. Loughran, Pres.; F. J. R. Clarke and Geo. W. Washburn, Vice-Pres's.; J. M. Schaeffer, Secy.; Jno. B. Alliger, Treas.
Lockport—Lockport Trust Co.; J. T. Wood, Pres.; W. Richmond, Cashier.
Margaretville—People's National Bank; F. M. Swart, Asst. Cashier.
New York—Chase National Bank; E. A. Lee Asst. Cashier, in place of H. K. Twitchell; W. E. Purdy, Asst. Cashier.—Chemical National Bank; J. B. Martindale, Vice-Pres.; H. K. Twitchell and E. N. Smith, Asst. Cashiers.—Clark, Grannis and Lawrence; reorganized; title changed to Grannis and Lawrence; L. V. Clark, retires.—

Fourteenth Street Bank; capital increased to $1,000,000.—Greenwich Savings Bank; James Quinlan. Pres., in place of Jno. H. Rhoades, deceased.—German Exchange Bank; M. J. Adrian, second Vice-Pres., deceased.—Hanover National Bank; E. H. Ferry, Vice-Pres., in place of Wm. Halls, Jr. —Irving National Bank; C. L. Farrell, Pres., in place of S. S. Conover; W. H. Barnard and T. F. Whitmarsh, Vice-Pres.'s., in place of C. F. Mattlage and C. L. Farrell.—Liberty National Bank; Chas. W. Riecks, second Vice-Pres.; J. V. Lott, Cashier, in place of C. W. Riecks.—Mercantile National Bank; F. A. Heinze, Pres., in place of F. B. Schenck; E. R. Thomas, and C. Glass, Vice-Pres.'s; E. Klein, Cashier, in place of J. V. Cott.—Merchants' Bank of Canada (Branch); Henry Hague, Mngr., deceased.—National City Bank; G. E. Gregory, Wm. Reed and A. H. Titus, Asst. Cashiers. —New Amsterdam National Bank; F. W. Kinsman, Jr., Pres., in place of M. M. O'Brien; J. G. Hemerich, Vice-Pres., in place of G. J. Baumann; no Asst. Cashier, in place of J. G. Hemerich.—New York Co. National Bank; J. C. Brower, Cashier, in place of F. Fowler; no Asst. Cashier, in place of Jas. C. Brower.—Northern National Bank; J. T. Wood, Vice-Pres.—Second National Bank; E. H. Peaslee, Vice-Pres.—Thirty-Fourth Street National Bank; no second Vice-Pres., in place of C. E. Braine; J. T. Van Loan, Asst. Cashier.—United States Mortgage and Trust Co.; J. Adams, Asst. Treas., in place of W. C. Ivison, resigned.

Norwich—National Bank; J. B. Turner, Vice-Pres., in place of C. W. Olendorf.

Olean—Exchange National Bank; I. E. Worden, Cashier, in place of A. I. Williams; no Asst. Cashier, in place of I. E. Worden.

Owego—Tioga National Bank; H. A. Clark, Pres., in place of T. C. Platt; F. M. Baker, Vice-Pres., in place of H. A. Clark.

Pawling—National Bank; J. G. Dutcher, Vice-Pres.

Peekskill—Westchester Co. National Bank; F. M. Dain, Vice-Pres.

Perry—First National Bank; W. D. Page, Pres., in place of E. D. Page; Geo. R. Page, Cashier, in place of W. D. Page; no Asst. Cashier, in place of G. K. Page.

Poughkeepsie—Poughkeepsie Trust Co.; G. M. Hine, Second Vice-Pres.

Riverhead—Suffolk Co. National Bank; H. P. Terry, Pres., in place of G. W. Cooper; H. B. Howell, Cashier, in place of H. P. Terry; B. F. Howell, Jr., Asst. Cashier, in place of H. B. Howell.

Rochester—Traders' National Bank; C. E. Bowen, Vice-Pres.; H. F. Marks, Cashier, in place of C. E. Bowen.

Rye—Rye National Bank; W. F. Hendrix, Vice-Pres.; G. L. Henderson, Cashier, in place of W. F. Hendrix.

Schenectady—Union National Bank; L. W. Case, Third Vice-Pres.

Sherburne—Sherburne National Bank; H. D. Newton, Pres., in place of J. Pratt, deceased; H. G. Newton, Vice-Pres., in place of H. D. Newton.

Silver Springs—Silver Springs National Bank; G. M. Blackmer, Vice-Pres., in place of N. H. Lewis; L. M. Clark, Asst. Cashier.

South Glens Falls—First National Bank; C. P. Callen, Vice-Pres., in place of S. J. Varney.

Utica—First National Bank; H. R. Williams and F. A. Bosworth, Vice-Pres's.; H. R. Williams, Cashier.

Wellsville—First National Bank Geo. E. Brown, Vice-Pres., in place of C. A. Farnum.

NORTH CAROLINA.

Ashville—Citizens' Trust and Savings Bank; E. L. Ray, Pres.

Charlotte—Commercial National Bank; R. A. Dunn, Pres., in place of W. E. Holt; W. E. Holt, Vice-Pres., in place of R. A. Dunn.—First National Bank; H. M. McAden, Pres., in place of F. Gilreath.

Concord—Concord National Bank; D. B. Coltrane, Pres., in place of J. M. Odell; J. M. Odell, Vice-Pres., in place of W. H. Lillie; L. D. Coltrane, Cashier, in place of D. B. Coltrane.

Elm City—Toisnot Banking Co.; R. T. Barnhill, Cashier, deceased.

Morganton—First National Bank; J. A. Claywell, Jr., Asst. Cashier.

Mount Airy—First National Bank; A. G. Trotter, Second Vice-Pres.; T. G. Fawcett, Asst. Cashier.

New Berne—National Bank; Jno. Dunn, Vice-Pres., in place of J. H. Hackburn.

Newton—Shuford National Bank; T. C. Clifton. Asst. Cashier.

Raleigh—Carolina Trust Co.; S. J. Hinsdale, Cashier, in place of H. F. Smith.

Statesville—First National Bank; W. M. Cooper, Pres., in place of J. A. Cooper; E. S. Pegram, Cashier, in place of G. H. Brown.

Wadesboro—First National Bank; no Asst. Cashier, in place of G. B. Lockhart.

Wilmington—Atlantic National Bank; J. H. Chadbourn, Vice-Pres.

NORTH DAKOTA.

Bismark—First National Bank; H. T. Murphy, Asst. Cashier.

Cavalier—First Bank; S. H. Drew, Pres., in place of H. Strong.

Cooperstown—First National Bank; G. H. Coudy, Vice-Pres., in place of H. P. Hammer.

Dickinson—First National Bank; R. H. Smith, Asst. Cashier, in place of C. J. Phelan.

Fargo—First National Bank; F. A. Irish, Cashier, in place of S. S. Lyon; L. R. Buxton, Asst. Cashier.

Grand Forks—First National Bank; I. A. Berg, Asst. Cashier.

Mandan—First National Bank; C. L. Timmerman, Vice-Pres.; Jos. P. Hess, Cashier, in place of C. L. Timmerman.

Oakes—First National Bank; J. E. Bunday, Cashier, in place of H. C. McCartney.—Oakes National Bank; J. H. Denning, Vice-Pres., in place of E. J. Walton; E. J. Walton, Cashier, in place of J. E. Bunday; I. B. Ward, Asst. Cashier.

Park River—First National Bank; Geo. E. Towle, Vice-Pres., in place of W. F. Honey; K. J. Farup, Cashier, in place of Geo. E. Towle; B. A. Barlow, Asst. Cashier, in place of K. J. Farup.

Rugby—First National Bank; I. M. McBride, Pres., in place of F. W. Wilder; E. J. Elstad, Asst. Cashier.

Russell—Citizens' State Bank succeeded Russell State Bank.

OHIO.

Akron—Second National Bank; B. W. Robinson, Pres., in place of H. Robinson.

Ashtabula—National Bank; H. R. Faulkner, Asst. Cashier.

Bethel—First National Bank; J. S. West, Asst. Cashier.

Bluffton—First National Bank; E. C. Romey, Asst. Cashier.

Brookville—Citizens' Banking Co.; T. B. Mills, Pres., resigned.

Bryan—Union Trust and Savings Bank; F. W. Radabaugh, Cashier, in place of C. Wagner.

Bucyrus—First National Bank; W. H. Picking, Vice-Pres.—Second National Bank; J. C. F. Hull, Vice-Pres., and Cashier.

Caldwell—Citizens' National Bank; A. Schafer, Asst. Cashier, in place of G. W. McElfresh.

Canal Dover—Exchange National Bank; J. D. Baker, Vice-Pres., in place of W. C. Hardesty.

Chillicothe—Central National Bank; F. A. Stacey, Pres., in place of J. B. Scearce; Jno. D. McKell, Vice-Pres., in place of F. A. Stacey; E. L. Spetnagle, Cashier, in place of Theo. Spetnagle.

Cincinnati—Cincinnati Trust Co.; C. C. Richardson, Vice-Pres., resigned.—Home Savings Bank; C. H. Braunstein, Vice-Pres., in place of Jno. N. McGrath.—Market National Bank; L. G. Pochat, Cashier, in place of E. A. Donnally.

Columbiana—First National Bank; J. V. Stewart, Pres., in place of J. E. Allen; G. E. Buzard, Asst. Cashier, in place of J. V. Stewart.

Columbus—Ohio National Bank; A. E. Frech, Asst. Cashier.

Dayton—Winters National Bank; R. R. Dickey, Jr., Vice-Pres., in place of J. D. Platt.

Defiance—Merchants' National Bank; E. P. Hooker, Vice-Pres., in place of Jno. Spangler; Fred S. Stever, Cashier, in place of E. P. Hooker.

Findlay—American National Bank; H. F. Burket, Pres., in place of J. F. Burket; C. L. Casterline, Vice-Pres., in place of H. F. Burket.

Galion—First National Bank; B. E. Place, Vice-Pres., in place of M. R. Crim.

Green—First National Bank; R. A. Beatty, Vice-Pres., in place of H. W. Morganthaler; L. B. Solether, Asst. Cashier, in place of W. S. Cramer.

Greenville—Farmers' National Bank; H. St. Clair, Pres., in place of G. W. Studebaker, deceased; Conrad Kipp, Vice-Pres., in place of Henry St. Clair.

Huron—First National Bank; C. Scott, Vice-Pres., in place of C. J. Ransom.

Kenton—Kenton National Bank; Geo. E. Crane, Vice-Pres.

La Rue—La Rue Banking Co.; M. C. Clements, Asst. Cashier, in place of D. H. Clements, resigned.

Lima—First National Bank; R. E. Jones, Pres., in place of T. D. Robb.

Lockland—First National Bank; J. F. Heedy, Vice-Pres., in place of G. W. Highlands.

Middletown—First National Bank; M. W. Renick, Pres., in place of R. Wilson.

Milford—Milford National Bank; I. Turner, Vice-Pres., in place of S. J. Rybolt.

Niles—First National Bank; W. Herbert, Pres., in place of W. A. Thomas; C. P. Wilson, Vice-Pres., in place of W. Herbert.

Norwalk—Norwalk National Bank; C. B. Gardiner, Cashier, in place of C. W. Millen; no Asst. Cashier in place of C. B. Gardiner.

Oxford—Oxford National Bank; G. F. Cook, Pres., in place of J. A. Welsh.

Port Clinton—German-American Bank; R. Hagel, Pres.; H. Cleaver, Vice-Pres.; F. J. Hopfinger, Secy. and Cashier; F. J. Mitchel, Asst. Cashier.

Roseville—First National Bank; Wm. Porter, Pres., in place of B. L. Chase; C. Brown, Vice-Pres., in place of Wm. Porter.

Sandusky—Commercial National Bank; M. Gallup. Vice-Pres.. in place of A. L. Moss; J. G. Swift, Asst. Cashier.

Scio—Farmers and Producers' National Bank; G. D. Spiker, Pres., in place of J. G. Jennings; S. T. James, Vice-Pres., in place of G. D. Spiker.

Sidney—First National Exchange Bank; L. M. Studevant, Vice-Pres., in place of W. M. Kingseed; J. C. Cummins, Cashier, in place of L. M. Studevant; C. W. Nessler, Asst. Cashier.

Springfield—Citizens' National Bank; P. E. Montanus, Vice-Pres., in place of F. M. Bookwalter; E. H. Flick, Asst. Cashier.

Toledo—Continental Trust and Savings Bank; succeeded, Lucas Co. Savings Bank and Central Savings Bank Co. —National Bank of Commerce; S. C. Richardson, Jr., Vice-Pres., in place of A. M. Chesbrough; A. R. Truax, Asst. Cashier.

Upper Sandusky—Commercial National Bank; R. Carey, Pres., in place of D. Moody; A. Rillhardt, Jr., Asst. Cashier.

Wellington—First National Bank; J. T. Haskell, Vice-Pres.

OKLAHOMA.

Butler—Butler State Bank; T. K. Winter, Pres., and I. C. Burnhain, Asst. Cashier, resigned.

Chandler—Chandler National Bank; M. F. Hale, Cashier, in place of G. W. Schlegel.

Cheyenne—Farmers and Merchants' Bank; succeeded by Cheyenne Cotton Exchange Bank.

El Reno—Citizens' National Bank; D. Munsell, Asst. Cashier.

Kingfisher—First National Bank; A. R. Pyle, Asst. Cashier, in place of P. W. Vitt.—People's National Bank; D. Badger, Vice-Pres., in place of G. H. Logan.

Stroud—First National Bank; W. A. Geren, Cashier.

Wakita—First National Bank; H. A. Bull, Vice-Pres.

Weatherford—First National Bank; J. L. Daniel, Pres., in place of O. B. Kee; C. A. Huber, Vice-Pres.; E. L. Milner, Asst. Cashier.

Woodward—Gerlach Bank; capital increased to $50,000.

OREGON.

Arlington—Arlington National Bank; W. Lord, Vice-Pres., in place of W. W. Steiner; H. M. Cox, Asst. Cashier.

Burns—First National Bank; C. A. Haines, Vice-Pres,. in place of N. U. Carpenter.

Grants Pass—Grants Pass Banking and Trust Co.; capital increased to $75,000.

Portland—Bank of America; title changed to American Bank and Trust Co.; capital reduced to $150,000.

PENNSYLVANIA.

Adamsburg—First National Bank of Beaver Springs; J. H. Dreese, Vice-Pres., in place of P. S. Bobb.

Allentown—Citizens' Deposit and Trust Co.; H. B. Koch, Vice-Pres.

Apollo—First National Bank; C. F. Hageman, Asst. Cashier.

Barnesboro—First National Bank; J. C. Patterson, Cashier, in place of E. O. Hartshorne.

Benton—Columbia County National Bank; C. F. Seely, Vice-Pres., in place of C. A. Wessly; S. B. Karns, Cashier, in place of A. McHenry; L. C. McHenry, Asst. Cashier, in place of R. Edgar.

Big Run—Citizens' National Bank; C. H. Irvin, Vice-Pres., in place of D. F. Rinn.

Bradford—Commercial National Bank; L. E. Mallory, Vice-Pres., in place of M. Matson, deceased.

Butler—Butler Co. National Bank; W. A. Ashbaugh, Asst. Cashier.

Carbondale—Liberty Discount and Savings Bank; P. J. Casey, Pres., in place of A. J. ——.

Dunmore—Fidelity Deposit and Discount Bank; J. T. Fear, Cashier, in place of J. F. Walter.

East Brady—People's National Bank; F. L. Ludwick, Cashier, in place of F. L. Williamson.

Elizabeth—First National Bank; R. T. Wiley, Vice-Pres., in place of J. Lytle.

Freeland—First National Bank; W. A. Schlingmann, Cashier, in place of F. M. Everitt.

Gettysburg—Gettysburg National Bank; E. M. Bender, Cashier, in place of J. E. Blair.

Glen Campbell—First National Bank; D. S. Ake, Second Vice-Pres.

Hatboro—Hatboro National Bank; Wm. F. Wilson, Cashier, in place of Jas. Van Horn.

Honesdale—Honesdale National Bank; A. C. Lindsay, Asst. Cashier.

Latrobe—First National Bank; Jos. E. Head, Vice-Pres.; H. H. Huffman, Asst. Cashier, in place of H. H. Smith.

Leraysville—First National Bank; J. A. Bowker, Pres., in place of G. N. Johnson.

Marienville—Gold Standard National Bank; D. B. Shields, Pres., in place of I. M. Shannon; A. D. Neill, Vice-Pres., in place of D. B. Shields.

McKeesport—National Bank; T. M. Evans, Vice-Pres.

Mercer—Farmers and Mechanics' National Bank; Geo. W. Wright, Vice-Pres., in place of C. M. Stewart.

Mifflintown—Juniata Valley National Bank; J. T. Sterrett, Asst. Cashier, in place of J. H. Hartman.—First National Bank; R. W. Doty, Asst. Cashier, in place of M. Rodgers, Jr.

Monessen—First National Bank; no Cashier in place of A. B. Pickard.

Monongahela City—First National Bank; D. E. Davis, Cashier.

New Bethlehem—First National Bank; C. E. Andrews, Jr., Vice-Pres.; C. E. Sheffer, Cashier, in place of J. R. Foster.

New Castle—National Bank of Lawrence County; R. C. Patterson and G. L. Patterson, Vice-Pres's.

Oxford—National Bank of Oxford; M. E. Snodgrass, Cashier; no Asst. Cashier, in place of M. E. Snodgrass.

Philadelphia—Centennial National Bank; E. M. Malpass, Vice-Pres., in place of C. H. Clark, Jr.; E. M. Malpass, Cashier.—Fourth Street National Bank; Jas. Hay, Pres., pro. tem.; E. F. Shanbacher, Acting Cashier, in place of W. Z. McLear, deceased.—Lincoln Savings and Trust Co.; Jno. K. Kane, Vice-Pres., in place of Thos. Bohanman.—Merchants' National Bank; Wm. A. Law, Vice-Pres., in place of H. Baker; Thos. W. Andrews, Cashier, in place of Wm. A. Law.—National Deposit Bank; C. E. L. Hatch, Asst. Cashier. — Northwestern National Bank; Edw. A. Schmidt, Pres., in place of L. J. Bauer; L. J. Bauer, Vice-Pres., in place of E. A. Schmidt.

Pitcairn—First National Bank; N. Cameron, Pres., in place of J. R. McDowell.

Pittsburg—Liberty National Bank; E. M. Bigelow, Pres., in place of I. F. Brainard; R. B. Ward, Vice-Pres., in place of E. M. Bigelow.—Pennsylvania National Bank; J. S. Seaman, Pres., in place of A. S. M. Morgan; R. M. Davis, Vice-Pres., in place of J. S. Seaman; S. M. Bauersmith, Cashier, in place of R. M. Davis.

Point Marion—First National Bank; I. K. Crow, Asst. Cashier.

Port Alleghany—Citizens' National Bank; M. L. App, Cashier, in place of M. T. Page.

Pottstown—Citizens' National Bank; J. B. Lessig, Pres., in place of P. L. Egolf; M. Christman, Vice-Pres., in place of T. B. Miller.

Rochester—First National Bank; C. D. Hoffman, Asst. Cashier.

Scottsdale—Broadway National Bank; C. S. Hall, Cashier, in place of T. J. Robinson.

Slippery Creek—First National Bank; J. A. Aiken, Vice-Pres., in place of J. E. Bard; J. A. Aiken, Cashier.

Stewartstown—People's National Bank; R. N. Wiley, Pres., in place of A. Neller.

Susquehanna—City National Bank; R. Kessler, Vice-Pres., in place of H. W. Kessler.

Tarentum — People's National Bank; Chas. Zimmers, Asst. Cashier.

Towanda—First National Bank; E. F. Kizer, Vice-Pres.

Turtle Creek—First National Bank; A. L. Faller, Pres., in place of W. L. Hunter; A. L. Trevaskis, Vice-Pres.; T. W. Carroll, Cashier, in place of Wm. Lauler.

Waynesburg—People's National Bank; E. L. Denny, Pres., in place of A. Lantz.

Williamsport—First National Bank; J. J. Gibson, Vice-Pres.; D. A. Sloatman, Cashier, in place of W. H. Sloan.

Zelienople—First National Bank; I. S. Zeigler, Pres., in place of J. A. Gelbach.

RHODE ISLAND.

Providence—Fourth National Bank; W. B. Mann, Asst. Cashier.

Woonsocket—Producers' National Bank; S. P. Cook, Pres., in place of C. E. Thomas; H. A. Cook, Cashier, in place of S. P. Cook.

SOUTH CAROLINA.

Charleston—Bank of Charleston, N. B. A.; no Asst. Cashier, in place of J. H. Thayer, deceased.—Charleston Clearing House; W. K. McDowell, Pres.; W. G. Harvey, Vice-Pres.; W. H. Warley, Mngr.

Greenville—City National Bank; H. P. McGee, Pres., in place of J. W. Norwood; J. E. Johnston, Cashier, in place of R. L. McGee.

Greenwood—Loan and Exchange Bank; capital increased to $50,000.

Newberry—National Bank; Jos. H. Hunter, Cashier, in place of F. N. Martin.

St. Matthews—St. Matthews Savings Bank; capital increased to $80,000.

SOUTH DAKOTA.

Castlewood—First National Bank; J. P. Cheever, Pres., in place of A. J. Preston; A. L. Curtis, Vice-Pres., in place of J. P. Cheever.

Dell Rapids—First National Bank; H. Robertson, Pres., in place of O. E. Guernsey; B. J. Sweatt, Vice-Pres., in place of W. C. Nisbett.

De Smet—De Smet National Bank; F. M. Andrews, Cashier, in place of E. P. Sanford.

Leola—First State Bank; J. J. Hepperle, Cashier, in place of F. H. Hooper.

Mitchell—Mitchell National Bank; J. J. Lahey, Asst. Cashier.

Parker—First National Bank; K. I. Shager, Asst. Cashier.

Volga—First National Bank; J. C. Lee, Vice-Pres., in place of H. H. Reeves; A. H. Norvold, Cashier, in place of C. W. Smith.

Wessington Springs—First National Bank; A. R. McConnell, Vice-Pres.

TENNESSEE.

Dayton—American National Bank; A. P. Haggard, Pres., in place of W. H. Rodgers; W. H. Rodgers, Vice-Pres., in place of A. P. Haggard.

Franklin—National Bank; W. H. Glass, Pres., in place of D. B. Cliffe.

Harriman — Manufacturers' National Bank; S. P. Sparks, Vice-Pres., in place of H. L. Durell; J. S. Crinkley, Vice-Pres.

Henderson—Chester Co. Bank; A. E. Estis, Pres., in place of A. M. St. John.

Jackson—Second National Bank; Thos. Polk, Pres., in place of M. S. Neely; M. S. Nelly, Vice-Pres., in place of H. C. Irley; W. A. Ingram, Cashier, in place of T. Polk.—Union Bank and Trust Co.; capital increased to $100.-000.

Knoxville—City National Bank; A. B. Mahan, Vice-Pres.—East Tennessee National Bank; M. V. Boyd, Asst. Cashier.—Holston National Bank; A. C. Harmon, Asst. Cashier.

Nashville—First National Bank; F. K. Houston, Asst. Cashier.

Pulaski—Citizens' National Bank; H. M. Grigsby, Pres., in place of H. R. Steele; G. S. White, Vice-Pres., in place of H. M. Grigsby.—Commercial Bank and Trust Co.; C. Eslick, Asst. Cashier, in place of Thos. W. Moore.—National People's Bank; E. E. Eslick, Pres., in place of Z. W. Ewing.

Springfield—People's National Bank; H. T. Stratton, Vice-Pres.

Tiptonville—Farmers and Merchants' Bank; capital increased to $50,000.

TEXAS.

Abilene—Citizens' National Bank; P. H. Hammock, Vice-Pres.

Amarillo—Amarillo National Bank; R. L. Stringfellow, Pres., in place of C. E. Oakes; H. E. Hume, Vice-Pres., in place of A. G. Boyce; no Vice-Pres., in place of W. M. Lay; C. E. Oakes, Cashier, in place of J. H. Boyce.—First National Bank; F. Bandenburg, Asst. Cashier, in place of W. A. Smith.

Anson—First National Bank; R. R. Shapard, Vice-Pres., in place of B. F. Bailey; S. G. Castles, Asst. Cashier.

Athens—First National Bank; C. H. Hawn, Vice-Pres.

Atlanta—First National Bank; J. J. Ellington, Pres., in place of J. G. King; J. G. King, Cashier, in place of P. C. Willis.

Baird—First National Bank; J. B. Stokes, Pres., in place of F. W. James.—Home National Bank; F. L. Driskill, Asst. Cashier.

Beaumont—American National Bank; L. Blanchette, Vice-Pres.; P. H. Millard, Asst. Cashier, in place of L. Blanchette; A. E. Weaver, Asst. Cashier.—Gulf National Bank; A. L. Williams, Pres., in place of T. H. Laugham; R. A. Greer, Vice-Pres., in place of A. L. Williams; T. S. Reed, Vice-Pres.; T. L. Coplin, Asst. Cashier.

Bellville—First National Bank; C. K. Langhammer, Asst. Cashier.

Bonham—First National Bank; T. J. Humphrey, Asst. Cashier.

Bourne—First National Bank; Z. T. Lowrie, Vice-Pres., in place of B. F. Wilthite.

Cameron—Cameron State Bank; R. D. Brown, Cashier, in place of T. A. Robinson; G. T. Graves, Asst. Cashier.—Citizens' National Bank; T. G. Sampson, Vice-Pres.; O. Smith, Cashier, in place of T. G. Sampson.

Canyon—First National Bank; J. F. Smith, Second Vice-Pres.

Carthage—Merchants and Farmers' National Bank; Geo. M. Barton, Vice-Pres.

Celina—First National Bank; E. Jackson, Vice-Pres., in place of P. M. Shipley.

Center—First National Bank; R. L. Parker, Pres., in place of O. H. Polley; H. H. Jones, Vice-Pres., in place of R. L. Parker; T. T. Sanders, Cashier, in place of A. Ford; S. L. Moore, Asst. Cashier, in place of T. T. Sanders.

Childress—Childress National Bank; J. H. P. Jones, Vice-Pres., in place of R. H. Morris; M. O. Hooker, Cashier, in place of J. H. P. Jones; J. M. Crews, Asst. Cashier, in place of M O. Hooker.

Cleburne—Farmers and Merchants' National Bank; H. S. Wilson, Jr., Asst. Cashier.

Comanche—Comanche National Bank; J. M. Easley, Asst. Cashier, in place of S. T. Clark.

Colorado—City National Bank; D. N. Arnett, Vice-Pres.

Corsicana—City National Bank; S. M. Kerr, Vice-Pres.; R. N. Elliott, Cashier, in place of S. M. Kerr; W. J. Cheney, Asst. Cashier, in place of R. N. Elliott.—Corsicana National Bank; S. W. Johnson, Vice-Pres., in place of W. D. Haynie, deceased; Geo. E. Jester, Cashier, in place of S. W. Johnson.

Cuero—First National Bank; C. G. Breeden, Cashier, in place of T. Hamilton.

Decatur—City National Bank; J. F. Lillard, Vice-Pres., in place of W. P. Thurmond.

Del Rio—First National Bank; A. M. Oppenheimer, Asst. Cashier, in place of W. R. Wheeler.

Denton—Exchange National Bank; W. Smith, Asst. Cashier.

Eastland—City National Bank; no Vice-Pres., in place of T. E. Downtain.

El Paso—First National Bank; E. W. Keyser, Asst. Cashier.

Enloe—First National Bank; W. R. Allen, Pres., in place of J. M. Hagood; J. M. Hagood, Vice-Pres.; C. B. Anderson, Cashier, in place of W. R. Allen.

Ennis—Ennis National Bank; P. Terry, Cashier, in place of J. L. Clarke; Robt. J. Caldwell, Asst. Cashier, in place of P. Terry.—People's National Bank; J. A. Pace, First Vice-Pres.; T. T. Clark, Second Vice-Pres.; J. R. Clarke, Cashier, in place of J. A. Pace.

Fort Smith—Farmers and Mechanics' National Bank; Geo. E. Cowden, Vice-Pres., in place of M. P. Bewley, deceased.

Gainesville—First National Bank; A. A. Boggett, Asst. Cashier.

Gatesville—Gatesville National Bank; A. B. Bartlett, Asst. Cashier.

Goldthwaite — Goldthwaite National Bank; M. A. Bridgforth, Asst. Cashier.

Granbury—City National Bank; J. B. Sikes, Pres., in place of J. D. Brown; A. Carmichael, Vice-Pres.; D. F. Douglass, Cashier, in place of J. B. Sikes.

Grand Saline—National Bank; J. E. Persons, Vice-Pres., in place of J. O. Nunnally.

Grandview—First National Bank; L. H. Harrell, Pres., in place of T. F. Mastin; J. E. Walker, Vice-Pres., in place of L. H. Harrell.

Greenville—First National Bank; P. A. Norris, Vice-Pres.; S. B. Brooks, Cashier, in place of E. W. Harrison; R. K. McAdams, Asst. Cashier, in place of S. B. Brooks.—Greenville National Bank; F. J. Phillips, Vice-Pres.; J. W. Birdsong, Asst. Cashier, in place of J. M. Boles; H. W. Williams, Jr., Asst. Cashier.

Groesbeeck—Citizens' National Bank; G. N. Parker, Vice-Pres., in place of L. Scharff.

Hillsboro—Sturgis National Bank; T. B. Bond, Vice-Pres.; M. L. Wigenton, Asst. Cashier.

Hondo—First National Bank; J. M. Finger, Cashier, in place of I. Wilson.

Houston—Commercial National Bank; T. Fay and Jno. M. Dorrance, Vice-Pres's.—Merchants' National Bank; R. Porter, Asst. Cashier.

Jasper—First National Bank; E. B. Jackson, Vice-Pres., in place of E. S. Woodfin.

Kemp—First National Bank; C. M. Galey, Asst. Cashier.

Laredo—Laredo National Bank; no Cashier, in place of C. Buttron, deceased.

Longview—Citizens' National Bank; E. H. Bussey, Cashier, in place of G. A. Rogers.

Lufkin—Lufkin National Bank; R. D. Collins, Second Vice-Pres.; W. R. McMullen, Cashier, in place of R. D. Collins; G. K. Thompson, Asst. Cashier, in place of W. R. McMullen.

Luling—Luling State Bank; W. G. Jackson, Otis McGaffey, Jr., Vice-Pres's.; capital increased to $20,000.

Mabank—First National Bank; L. C. Spikes, Vice-Pres., in place of J. T. Pate.

Merkel—First National Bank; T. J. Goggin, Vice-Pres., in place of R. M. Barnes; no Vice-Pres., in place of C. W. Harkrider.

Mesquite—First National Bank; J. C. Rugel, Pres., in place of L. S. Darling; S. B. Marshall, Vice-Pres., in place of J. C. Rugel.

Mexia—First National Bank; D. Murphy, Cashier, in place of J. B. Long; no Asst. Cashier, in place of D. Murphy.

Midland—First National Bank; J. S. Day, Asst. Cashier, in place of W. P. Love.

Mineola—First National Bank; O. A. Tunnell, Pres., in place of H. M. Cate; R. J. Gaston, Cashier, in place of O. A. Tunnell; B. F. Read, Jr., Asst. Cashier, in place of R. J. Gaston.

Navasota—First National Bank; T. M. Owen, Pres., in place of A. H. Ketchum; A. P. Terrell, Vice-Pres., in place of T. M. Owen.

Nevada—First National Bank; Mabel Dennis, Asst. Cashier, in place of W. C. Dennis.

Palestine—Palestine National Bank; A. L. Bowers, Pres., in place of P. W. Ezelt.

Petty—First National Bank; W. W. Vauter, Pres., in place of J. M. Petty; L. V. Law, Second Vice-Pres., in place of W. W. Vauter.

Quannah—Quannah National Bank; L. J. Davis, Asst. Cashier.

Rockdale—First National Bank; C. K. Stribling, Asst. Cashier, in place of H. E. Rowlett.

Rosebud—First National Bank; T. O. Martin, Pres., in place of G. W. Riddle; no Cashier in place of T. O. Martin; no Asst. Cashier in place of J. M. Sampson.

Rusk—First National Bank; E. M. Gregg, Asst. Cashier, in place of J. F. Mallard.

San Antonio—City National Bank; W. R. King, Second Vice-Pres.—Lockwood National Bank; E. F. Gaddis, Pres., in place of J. S. Lockwood; A. S. Gage and B. L. Naylor, Vice-Pres's.—San Antonio National Bank; T. D. Anderson, Asst. Cashier.

San Augustine—First National Bank; E. D. Downs, Pres., in place of R. H. Hall; J. C. Anderson, Vice-Pres., in place of E. D. Downs.

San Marcos—Wood National Bank; I. W. Wood, Vice-Pres.

Shiner—First National Bank; P. Welhausen, Asst. Cashier.

Stamford—First National Bank; H. S. Abbott, Vice-Pres., in place of R. L. Penick.

Terrell—First National Bank; M. W. Raley, Pres., in place of M. Cartwright; M. Cartwright, Vice-Pres., in place of M. W. Raley; B. L. Gill, Vice-Pres., and Cashier.—First State Bank; J. S. Grinnen, Pres.; O. F. Walton, Vice-Pres.

Tulia—First National Bank; T. W. Tomlinson, Second Vice-Pres.

Tyler—Jester National Bank; R. E. Gaston, Cashier, in place of Jno. Howard; no Asst. Cashier, in place of L. V. Harcourt.

Waxahachie—Citizens' National Bank; F. A. Ferris, Asst. Cashier.

Weatherford—First National Bank; G. M. Bowie, Vice-Pres.

Whitewright—First National Bank; R. H. May, Asst. Cashier, in place of Bob Montgomery.

UTAH.

Ogden—Commercial National Bank; A. R. Heywood, Pres., in place of J. W. Guthrie; A. G. Fell, Vice-Pres., in place of P. Healy; O. M. Runyan, Cashier, in place of A. R. Heywood.

Salt Lake City—National Bank of the Republic; W. F. Earls, Cashier, in place of W. F. Adams; E. A. Culbertson, Asst. Cashier, in place of W. F. Earls.

VERMONT.

Barre—National Bank; F. G. Howland, Pres., in place of D. M. Miles; J. H. Jackson, Vice-Pres.; Thos. H. Cave, Jr., Cashier, in place of F. G. Howland.

Burlington—Burlington Trust Co.; Edw. Wells, Pres., deceased.

Island Pond—Island Pond National Bank; I. L. Cobb, Vice-Pres., in place of N. Hobson.

Orwell—First National Bank; G. M. Wright, Pres., in place of W. B. Wright, deceased.

Randolph—Randolph National Bank; W. Gay, Vice-Pres., in place of J. W. Powell; no Asst. Cashier, in place of W. Gay.

White River Junction—National Bank; Jno. L. Bacon, Pres., in place of S. F. Frary; Wm. W. Russell, Cashier, in place of Jno. L. Bacon.

VIRGINIA.

Alexandria—Citizens' National Bank; W. F. Lambert, Vice-Pres.; C. Pierce, Cashier, in place of W. F. Lambert.

Amelia—Farmers and Merchants' Bank; J. T. Davenport, Cashier, resigned.

Culpeper—Second National Bank; T. H. Brown, Pres., in place of C. J. Rixey; W. H. Rixey, Vice-Pres., in place of T. H. Brown.

Harrisonburg — Rockingham National Bank; C. G. Price, Asst. Cashier, in place of E. S. Strayer.

Leesburg—People's National Bank; E. B. White, Pres., in place of E. V. White; L. M. Shumate, Vice-Pres., in place of E. B. White.

Luray—Page Valley National Bank; A. W. McKim, Cashier, in place of C. S. Landram; E. C. Berrey, Asst. Cashier, in place of J. A. Broaddus.

Marion—Bank of Marion; W. B. Jackson, Cashier, in place of E. H. Copenhaver, resigned; J. W. Sheffey, Asst. Cashier.

Parksley—Parksley National Bank; W. N. Mason, Asst. Cashier, in place of D. Wiltbank, Jr.

Roanoke—First National Bank; D. W. Flickner, Vice-Pres., in place of F. P. Harman.

South Boston—First National Bank; W. D. Hill, Vice-Pres., in place of J. D. Tucker.

WASHINGTON.

Cashmere—Farmers and Merchants' Bank; J. C. Lilly, Pres.

Cheney—Bank of Cheney; D. F. Percival, Pres., deceased.

Cusick—Pend d'Oreille Valley Bank; F. W. Cooper, Cashier, in place of P. Neil, resigned.

Friday Harbor—San Juan County Bank; G. C. Gould, Pres., in place of J. A. Gould, retired; C. H. Tucker, Vice-Pres.

Olympia—Capital National Bank; M. E. Reed, Vice-Pres., in place of O. C. White.

Pullman—First National Bank; J. J. Rouse, Asst. Cashier.

Snohomish—First National Bank; H. A. Kent, Asst. Cashier, in place of R. W. Comegys.

Spokane—Exchange National Bank; R. D. Miller, Vice-Pres., in place of F. J. Finncane.—Spokane Co. Savings Bank; R. W. Heaton, Vice-Pres., resigned; succeeded by O. A. Johnson.—Traders' National Bank; A. Kuhn, Pres., in place of A. Coolidge; A. F. McClaine, Vice-Pres., in place of A. Kuhn; C. A. McLean, Asst. Cashier.

Sunnyside—Sunnyside Bank; capital increased to $50,000.

Tacoma—Pacific National Bank; S. Appleby, Cashier, in place of W. E. Bliven; A. A. Miller, Asst. Cashier, in place of S. Appleby.—Tacoma Clearing House; Pres., A. F. Albertson; Vice-Pres., L. J. Pentecost; Secy., Geo. H. Tarbell; Mngr., A. V. Hayden.

Walla Walla—Union Savings Bank; C. M. Culp, Asst. Cashier, resigned.

WEST VIRGINIA.

Anderson—First National Bank; T. H. Jarrett, Vice-Pres., in place of J. S. Hill.

Charleston—Citiens' National Bank; M. M. Williamson, Vice-Pres., in place of J. A. McGuffin; J. N. Carnes, Cashier, in place of M. M. Williamson.—Kanawha National Bank; W. A. Cracraft, Asst. Cashier.

Greenville—Citizens' Bank of Monroe County; J. Z. Ellison, Vice-Pres.

Montgomery — Montgomery National Bank; R. L. Matthews, Cashier, in place of E. W. Brightwell.

Moundsville—Marshall County Bank; J. A. Sigafoose, Cashier, in place of C. C. Mathews, resigned; W. Roberts, Asst. Cashier, in place of J. A. Sigafoose.

West Union—First National Bank; W. J. Trough, Vice-Pres., in place of S. P. Smith.

Wheeling—National Bank of West Virginia; W. B. Irvine, Vice-Pres., in place of R. T. Devries; G. A. Wagner, Vice-Pres.; G. A. Wagner, Cashier; T. E. Bodley, Asst. Cashier.

Whitmer — Merchants and Farmers' Bank; J. W. Mullenix, Pres., deceased.

WISCONSIN.

Appleton—First National Bank; F. J. Sensenbrenner, Vice-Pres.

Ashland—Northern National Bank; C. F. Lattimer, Vice-Pres., in place of F. Bontin; R. B. Prince, Cashier, in place of C. F. Latimer; F. M. Cole, Asst. Cashier, in place of R. B. Prince.

Baraboo—First National Bank; T. W. English, Pres; D. M. Kelley, Vice-Pres.

Black River Falls—First National Bank; F. Johnson, Pres., in place of W. T. Murray; E. A. Miller, Vice-Pres., in place of F. Johnson.

Buffalo—First National Bank; W. R. Holt, Asst. Cashier.

Hudson—First National Bank; Wm. H. Phipps, Pres., in place of A. E. Jefferson; Ott W. Arnquist, Vice-Pres., in place of Wm. H. Phipps; Jno. Darwin, Asst. Cashier, in place of D. E. Hanna.

Marinette—First National Bank; J. F. Witter, Asst. Cashier, in place of A. B. Toan.

Medford—First National Bank; L. W. Gibson, Pres., in place of J. Gibson; F. M. Shaw, Vice-Pres., in place of L. W. Gibson.

Milwaukee—Fidelity Trust Co.; capital increased to $250,000.—First National Bank; Henry Kloes, Cashier, in place of F. J. Kipp; A. W. Bogk and E. J. Hughes, Asst. Cashiers, in place of T. E. Camp and H. Kloes.—Milwaukee Trust Co.; Robt. Camp, Pres.; C. Allis, Vice-Pres.; S. Stockdale, Secy.—Wisconsin National Bank; W. Kasten, Asst. Cashier.

Oconto—Citizens' National Bank; W. P. Wagner, Pres., in place of R. G. Shumway.

Oshkosh—Commercial National Bank; T. Daly, Vice-Pres.; E. R. Williams, Cashier, in place of T. Daly; no Asst. Cashier, in place of E. R. Williams.—German National Bank; C. W. Schmidt, Asst. Cashier.

Princeton—First National Bank; F. J. Yahr, Vice-Pres., in place of J. E. Hennig.

Rhinelander—First National Bank; R. J. La Selle, Asst. Cashier.

Ripon—German National Bank; H. J. Faustman, Vice-Pres.

Waukesha—Waukesha National Bank; H. M. Frame, Vice-Pres., in place of R. Weaver; E. R. Estberg, Cashier, in place of H. M. Frame.

WYOMING.

Basin—Big Horn Co. Bank; B. Joslin, Asst. Cashier.

Kemmerer—First National Bank; Roy A. Mason, Asst. Cashier.

CANADA.

ALBERTA.

Carstairs—Merchants' Bank; Ira Peterson, Mngr.

Stettler—Merchants' Bank; J. H. Johnson, Mngr.

NEW BRUNSWICK.

St. John—J. Morris Robinson & Sons; J. M. Robinson, deceased.

NOVA SCOTIA.

Halifax—Royal Bank of Canada; capital increased to $10,000,000.

ONTARIO.

Brantford—Bank of British North America; R. Butt, Mngr., deceased.

Collingwood—Bank of Montreal; J. Morris, Mngr.

Hamilton—Bank of Hamilton; capital increased to $3,000,000.

Toronto—Canadian Bank of Commerce; B. E. Walker, Pres.; M. Morris, Mngr.; C. Camble, Asst. Mngr.

QUEBEC.

Farnham—Bank of St. Hyacinthe (Branch); J. M. Belanger, Mngr., deceased.

Montreal—La Banque Provinciale; reorganized; H. La Porte, Pres., in place of G. N. Ducharme.—Union Bank of Canada; Jno. Sharples, Pres., in place of Andrew Thomson; W. W. Price, Vice-Pres.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CALIFORNIA.

Calistoga—First National Bank, in voluntary liquidation, February 6.

INDIANA.

Huntingsburg—People's State Bank.

INDIAN TERRITORY.

Atoka—Citizens' National Bank, in voluntary liquidation, December 31.

MASSACHUSETTS.

Boston—National Exchange Bank, in voluntary liquidation, January 31.

Chelsea—Winnisimmet National Bank; involuntary liquidation, February 9.

MINNESOTA.

Fairmont—Merchants and Farmers' Bank.

MISSISSIPPI.

Clarksdale—Bank of Commerce; involuntary liquidation.

MISSOURI.

St. Louis—Fourth National Bank; involuntary liquidation, January 15.

St. Joseph—Bank of Commerce.

NORTH DAKOTA.

Russell—Russell State Bank.

PENNSYLVANIA.

New Castle—New Castle Savings Bank.

McDonald—People's National Bank; in voluntary liquidation, February 1.

SOUTH DAKOTA.

Edgemont—Citizens, Bank.

Scotland—First National Bank, placed in charge of Receiver, February 4.

Wakonda—First National Bank; in voluntary liquidation, January 8.

TENNESSEE.

Winchester—Bank of Winchester; in hands of Judge McConnell, receiver.

CANADA.

BRITISH COLUMBIA.

Rossland—Bank of Toronto (Branch).

THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

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ANTIQUATED BANKING AND FINANCIAL SYSTEMS.

LAST month we published an article by Mr. W. R. Lawson of London, entitled "Wall Street and Lombard Street," in which were shown the changes that have taken place in the London money market in the past forty years. In the face of these changes, and the tremendous increase in business that has taken place, the Bank of England has found great difficulty in protecting the national gold reserve and in meeting the vastly increased demands made upon it. Business has grown enormously, and the conditions under which it is transacted have changed, but the machinery of the bank remains unimproved.

The banks of the United States and the sub-Treasury system are in much the same position as the Bank of England, so far as relates to ability to meet the demands of modern business. In both cases it is false conservatism that delays obviously necessary reforms. Recent events have emphasized the necessity of taking heed of the imperfections referred to, if we wish to escape serious disturbance of our finances.

The United States is in a position to-day where it imperatively needs the soundest and wisest system of banking, and of handling the public revenues, that can be devised. In nearly everything else we have made marvellous progress, but the operations of the sub-Treasury system—as we have many times pointed out in detail—continue to affect the money market injuriously, and the banking system, though approaching perfection in many respects, has outgrown the conditions that existed when the National Banking Act was passed—nearly fifty years ago.

We need not only to take measures to prevent monetary panics, but we should begin the work of shaping our banking and monetary systems with a view to the wonderful growth of the country's foreign and domestic commerce. Whatever temporary recessions there may be, the direction of this country is inevitably toward greater trade, increased wealth and enlarged prosperity; and while we should not fail to do whatever may be done to avert the shock of calamity, should it come, we must realise that the problem about which thought must be taken is how to adapt our banking machinery to the safe, economical and efficient handling of a continuously growing volume of industry and trade.

EDITORIAL COMMENT

WALL Street has again been indulging in the comedy of marking stocks down to bargain figures on one day and changing its mind and marking them up again on the next. Within a period of twenty-four hours the prices of securities dealt in on the Exchange are reported to have gone down about $600,000,000, but a large part of this loss was recovered on the following day, though most of the recovery in prices was subsequently lost.

The theories advanced to account for this sudden fall and almost as sudden rise in prices are sufficiently numerous and various to suit all tastes. Whatever the real cause may have been, it does not seem worthy of having much importance attached to it.

Perhaps the best feature of a flurry like the one under review is that it reveals the remarkable strength of our financial institutions, none of which succumbed or even showed any weakness in the face of this storm. Although the reserves of the banks have been low for some time, it is the general opinion of those best informed that the banking situation, not only in New York but throughout the country, is one of exceptional strength. While this remains true the public may view with considerable indifference these sudden fluctuations in Wall Street prices. The high figures at which a number of securities have been selling are no doubt partly fictitious, but a sharp and sudden fall, such as that which marked the ides of March, was wholly unjustified, and it is not therefore surprising that there should have been a sudden recovery.

As usual, our benevolent Government having through its bad sub-Treasury system and inelastic bank-note circulation, been instrumental in boosting the prices of securities, generously came to the relief of the money market and helped to stay the force of the oncoming wave of distrust.

Of course, the recent tension in Wall Street cannot reasonably be ascribed wholly to the causes just mentioned. It was rather due to influences that are more or less world-wide, yet the defects adverted to have been a contributory cause, and this should stimulate the advocates of necessary reform to renewed efforts. Volumes of arguments have been put forth, orally and from the financial press, pointing out clearly what must ultimately happen if we continue to depend upon such inadequate systems, but all these arguments have been unconvincing. Congress seems indisposed to listen to any suggestions of financial reform coming otherwise than in the shape of a panic. While business conditions are such as to warrant the hope that a cataclysm of this character may be deferred for some time, indications are not lacking that it cannot be much longer delayed unless wise action is taken. Congress can do a great deal by correcting the obvious evils of our currency and sub-Treasury systems. The banks, particularly the institutions in the larger cities, can do vastly more by beginning at once, quietly but resolutely, the work of strengthening themselves in every particular. They should especially be prepared to meet the strain incident to the crop-moving season, which is now not many months away. Unless this is done the burden upon the banks caused by the special demands of that season, added to those which now already so largely absorb the resources of the banks, may lead to trouble which wise forethought and precaution can avoid. No one can look ahead and say just what the money situation will be next autumn; but from recent experiences it is quite safe to say it is incumbent upon the banks to make due preparation for meeting a very large demand for funds.

While the late disturbance in Wall Street was not of great importance, it would be easy, on the other hand, to underestimate its significance. Once such a disturbance has passed beyond the control of the banks, it is liable to lead to very grave consequences. A panic in Wall Street may quite easily become a financial or commercial panic, bringing about widespread ruin. Whatever may be one's opinion of Wall Street speculation, so long as the banks continue to be as well protected as they seem to be at present, the country can remain comparatively indifferent to flurries of this kind. They become dangerous only when the banks get entangled to such an extent that they are no longer able to render their customary service to the commercial community, or when their own solvency is endangered. So far there does not seem to be any signs that either of these contingencies is imminent, and while this remains true, however disquieting the situation in Wall Street may be at times, it can have little effect on the business community at large.

ALTHOUGH the time for holding the nominating conventions to place Presidential candidates in the field is over a year away, keen interest is already being shown in the selection of the standard-bearers of the two parties. Perhaps it would be more accurate to say that this interest is confined to the choice of the Republicans, for there seems to be no doubt that Mr. BRYAN will be chosen, for the third time, to lead his party in a contest for the Presidency. And while Mr. ROOSEVELT has out-Heroded Herod, and has "stolen BRYAN's clothes," it may be safely predicted that the Democratic leader, at the proper moment, will come out in favor of something more radical than the President has thought of, dress himself up in a new suit, of more popular fashion than the one of which he has been despoiled, and make a strong and stirring appeal for votes. Should the public temper remain as it is now, and provided that Mr. ROOSEVELT continues firm in his refusal to accept a renomination, the Nebraska statesman will probably stand a good chance of achieving his supreme ambition in 1908.

Inasmuch as the Democratic nomination will go to Mr. BRYAN with practical unanimity, we may dismiss the action of that party's convention from consideration and turn to an examination of the Presidential timber growing in the Republican forest.

Were the wishes of the masses of the party to be given effect, the first choice of the Republican convention would be THEODORE ROOSEVELT. In the contest between the people and what many regard as the unjust aggressions of corporate wealth, the President represents the popular will so effectively that, if he would consent to become a candidate next year, he would probably have no rival in the convention. And his re-election could hardly be a matter of doubt if the present disposition toward certain public questions now prominent in the public mind remains unchanged. But the President's determination not to be the candidate of his party for a second time, announced in November, 1904, is said to be just as strong as it was then. Whether an overwhelming demand for his services for another term, made by the representatives of his party, could shake his resolution, is doubtful, in view of his positive declination. The President may therefore be eliminated from the list of possible candidates.

But there are plenty of others left who would be glad to take the $50,000 job at the White House, notwithstanding the cost of living has so enormously advanced at Washington in recent years.

Of the list of eminent gentlemen who are believed to be more or less eligible as candidates of the Republican Party, Hon. WM. H. TAFT, the Secretary of War, is the most immediate to the throne. It may have been observed by students of our political institutions that the voters are apt to defeat a candidate whose nomination has even the appearance of having been dictated. On the other hand, the attempt to create in the public mind the impression that President ROOSEVELT regards the Secretary of War as his heir-apparent may be a shrewd move on the part of Mr. TAFT's political rivals to discredit his candidacy. In the various and responsible stations which he has filled the Secretary of War has displayed great executive ability, his administration in the Philippines as Governor-General having been most wise and humane, while his energy in carrying on the preliminary work on the Panama Canal has stimulated hope for the successful outcome of that huge undertaking. Secretary TAFT, if nominated and elected, would make a great President. His policies would be marked by broad statesmanship, and American interests, at home and abroad, would be safely cared for.

Were the Republicans to select as their candidate the ablest man now in public life, their choice would indisputably fall upon Hon. ELIHU ROOT, Secretary of State. Yet, whether justly or not, Mr. ROOT will probably be barred from serious consideration because, it is charged, he has been in the past too closely identified with large corporations. His severest critic has not been able to say with truth that Mr. ROOT as a cabinet officer has served any interests other than those of the people of the United States. As a candidate, however, he would lack some elements of popularity.

The man who is most feared by the corporations that desire to continue unmolested in their policy of exploiting the public is CHARLES E. HUGHES, Governor of New York. He makes no appeal to class prejudices, but insists merely that corporations organized for public service shall fulfil the purpose of their creation. In word and deed he is logical and unimpassioned, but he means business. Those who expect to get rich through the possession of some undue privilege have no use for CHARLES E. HUGHES. If the public temper continues as it now is for another year, and if Mr. HUGHES wins in the fight he is making against certain interests in New York, he will have a formidable following in the next Republican convention.

But who can peer into the future? In the quiet of these spring days, with the convention a year off, how is it possible to say what midsummer madness may possess the delegates when once they are assembled, their minds filled with real and imagined wrongs suffered by the people at the hands of "the criminal rich?" At the dramatic moment some comparatively unknown "Peerless Orator" may spring to the platform and with a sonorous phrase stampede the convention into making a nomination that will represent revolutionary tendencies.

There is another contingency, however, that seems more likely to happen. The policy of attacking wealth, now so universally popular, may give place to a reign of reason and common-sense. The wrongs of which the railways and other great corporations have been guilty are now in a fair way of being corrected. Corrective measures are, indeed, being carried so far by some of the states that they do not seem designed so much to reform the railways as to ruin them. Unless that tendency is checked, it will bring disaster, first to the railroads, and finally to business enterprises of all kinds. A year hence the Republican Party may find it necessary to turn to some man in its ranks whose election would restore confidence in the business world. In that event the Republican candidate for President in 1908 might be Hon. LESLIE M. SHAW of Iowa. He has been declared to be "too conservative;" but after a punitive policy has finished its work of destruction, the services of a man whose aim is to conserve and build up may be needed.

Mr. SHAW, perhaps more completely than any other prospective Republican nominee, represents the old-fashioned orthodoxy of his party. He has had wide experience in public life, as Governor of Iowa and as Secretary of the Treasury, is a forceful campaigner, and personally popular.

The election of a new President is an event watched for with considerable anxiety in the business world. Whoever hopes to win on a radical platform must go a step beyond what has been done already. That is a dangerous policy, and the realization of this fact will have a decisive influence in the nomination and election for President in 1908. As a rule, sober sense and not prejudice has governed the electorate in choosing a President. Whoever may be nominated, or whichever candidate may be elected, there is no solid ground for believing that it will be otherwise next year, notwithstanding the ebullitions of these turbulent times.

SUGGESTIONS of various kinds are being made to counteract the deficiency in the supply of reserve money in the banks. These institutions could, of course, very readily increase their proportionate stock of reserves by decreasing their loans, but that would result in hardship to the business community. So long as borrowers are able to use loans profitably, and to pay them back promptly with the interest demanded, there is no sound reason why accommodations should be denied. True, it is to the interests of the banks to restrict enterprise, production and trade within safe limits; but within those limits it is just as much the business of a bank to refuse no loan whatever that it is able to make.

While curtailment in some lines at present would seem to be desirable, the ordinary productive enterprises of the country are being carried on prosperously, and the banks can not understand why they should be asked to interfere with this prosperity so long as it is healthful. With the strong demand made upon them for loans, and the almost uniformly profitable operations of borrowers, it can not be expected that the banks will fail to take every possible advantage of this brisk demand for funds, and lend as much as they may with safety.

The shortage of reserve money is in part ascribed to the large amount of cash used in making payment for wages. Our banking machinery has not yet sufficiently developed to permit of the handling of small accounts economically, so that many payments for wages now made in cash could be settled by check, if the persons receiving the wages had a checking account in a commercial bank. Perhaps, in estimating the cost of handling small accounts, the banks have not fully considered the advantage that would accrue in thus augmenting their reserves were they relieved of the necessity of providing such a large amount of cash for payroll requirements. In fact, the enlargement of the use of checks seems to have received less consideration than the lessening of their use by imposing taxes and other restrictions upon them.

If the National Banking Act permitted, there is no reason why properly engraved checks, in suitable denominations, issued by depositors and certified by the banks, should not be used in paying wages, and for many other purposes, thus obviating to a marked extent the demand for actual money.

Furthermore, there seems to be no sound reason why Congress could not enact a law permitting the banks to issue their own notes, not in emergencies but at all times, to meet demands for money for paying wages and for other temporary uses. It is hoped that when the Sixtieth Congress assembles Mr. Aldrich of Rhode Island may be petitioned to give his consent to the consideration of a bill designed to carry out this very simple but highly desirable reform.

WHETHER the London stock operators have been sufficiently guiltless of participation in high financial schemes in connection with American railways to render their virtuous observations of much weight, we do not know. Criticism of American financial methods proceeding from this source may be somewhat suspected as being the pious reflection of penitents who have bought stocks at high prices and tried to sell them in a declining market.

The skyscraping finance in Wall Street, about which London complains so loudly, could never have attained its present heaven-piercing proportions without the complaisance shown by the British bill-brokers in eagerly discounting American paper. There is some evidence that our London financial friends are being slightly overworked, and they are manifesting a disposition to get balky. Wall Street has, however, demonstrated its ability to carry its own load in a manner that must be somewhat galling to those London operators who have been hugging the delusion that New York is entirely dependent upon Lombard Street. Of course, it is not intimated that this city is independent of London or any of the other great financial centers; yet in a pinch, when the worst comes to the worst, we seem to manage somehow.

Our business methods, springing out of the marvellous railway and industrial enterprises of the country, are far from perfect, and, with our characteristic optimism and good nature, we have been very slow in correcting them; but the process has at length begun, and its severity accounts for the squirming and shrieking in Wall Street, and the faint echoes of distress heard from the other side. When the excrescences engendered by this period of mushroom growth are lopped off—and it is hoped this may be accomplished without forcing prices below the high level at which the London operators, according to some of their own authorities, delight to buy—we trust our British friends will again come into the New York market as strong buyers, and thus gain a fair share of that prosperity which Wall Street, out of the goodness of its heart, has no desire to monopolize.

MAYOR WEAVER of Philadelphia recently suggested that the city establish a bank for the transaction of municipal financial business and also for carrying on the usual banking operations. "If we could absolutely eliminate politics from it," said the mayor, "it occurs to me that a city banking institution would be a splendid thing." This difficulty is one that would be hard to overcome, and if politics instead of business principles should be allowed to control such an institution its fate would not be hard to predict. A municipal bank, dominated by local political interests, would be compelled to make loans, not on the basis of the security offered, but on the number of votes controlled by the ward boss applying for accommodation. By placing a large amount of funds under political manipulation, the incentives to corruption and misrule—already so strong as to be irresistible by many of our municipal statesmen—would be greatly increased.

Mayor WEAVER's suggestion for a bank owned and managed by the city was prompted by the difficulty recently experienced in placing an issue of 3½ per cent. thirty-year bonds. He states that the city of Philadelphia keeps on deposit with the banks of that city not less than $12,000,000, for which the city receives from the banks only two per cent. interest. He says that this money is properly used by the banks being lent by them at six per cent. He regards it as peculiar, however, that with so much money on deposit, the city does not find it easy to borrow at 3½ per cent.

The use of public deposits with banks as a lever to aid in procuring loans from the depository banks is not novel, though it is a practice to which attention is being particularly called in these times when many municipalities find a lack of appetite for their securities on the part of the investing public. Banks, in making loans to individuals, give preference to their depositors, and it would seem that consideration should be shown to municipalities that are heavy depositors of funds with the banks. The cases of individual borrowers and of municipalities seeking loans are not analogous, however. The individual depositor who applies for a loan at his bank must expect to pay the market rate. But the municipality wants to borrow at a lower rate—in the Philadelphia case it was 3½ per cent., while, as Mayor WEAVER stated, the banks were lending money at six per cent. to commercial borrowers. The banks can no more be blamed for preferring to lend at six per cent. than the city can be censured for wishing to borrow at 3½.

The Federal Government creates an artificial market for its bonds by making them, practically, the only security that will be accepted to secure public funds deposited with the banks, and requiring that bonds be pledged equal in amount to the public moneys deposited. The marketability of the bonds of the United States is further increased by their availability as security for the national bank circulation.

There are several reasons why municipalities are experiencing difficulty in placing their loans at this time. An adequate explanation is that money is in such strong demand that it can be more profitably used in other ways. The other explanation sometimes given, that it is because our cities are tending toward socialistic schemes, thus frightening capital, is hardly tenable.

HUMAN society is like the sea—ever changing, yet always the same. The present position of the race has not been suddenly forced upon it by some *deus ex machina,* but has been reached by many centuries of slow and painful progress. If we note the advancement made in religion, science, art, invention, and in the condition of mankind generally, we must inevitably conclude that despite the complaints of the present day, the race is, upon the whole, better off at the beginning of the twentieth century than it has been at any other time. The dissatisfaction and discontent that now seem to be so universal are but striking manifestations of the law of progress itself, which is ever seeking to bring humanity up to new levels, and whose demands will never be satisfied until the highest attainable position shall have been reached.

The present movement looking toward socialism is in itself a manifestation of this law. However mistaken some of the advocates of socialism may be, their activities undoubtedly have their origin, not merely in the desire for self-betterment, but in a wish to relieve humanity of some of the burdens under which it now rests. That these burdens are by no means imaginary, is a fact which may be definitely established to the satisfaction of anybody who takes a careful survey of the conditions existing in the industrial world. Labor has indeed been relieved of much of its painful drudgery, but the tasks under which mankind still groan and sweat are very heavy. The rewards which labor receives have increased immensely even within recent times, yet they are still in many cases barely sufficient to sustain life. The people are better housed, more bountifully fed and more abundantly clothed than ever before, yet if one walks abroad through the crowded districts of any great city, he will find many thousands living under conditions so unhealthful that, were the occupants in these dwellings the lower animals instead of our own kind, we should all raise a protest that would undoubtedly be heeded. Despite the wonderful advancement of learning, there are in certain sections of our own country vast numbers of people to whom the blessings of education are denied, and most other countries of the world have still more to answer for in this regard.

Summing up these unfavorable aspects of society as it exists to-day, however, we note that they are counterbalanced many times over by substantial evidences of progress. A thoughtful student of human affairs is therefore not disposed to take an unhopeful view of present conditions, realizing the immense advancement already made.

It may be quite true that socialism is impracticable, for the reason that it runs counter to the dominant characteristic of human nature, namely, selfishness. But that any considerable portion of mankind should be animated by the desire to introduce some new system having for its object a wider diffusion of material comforts and a general enlargement of the spiritual and intellectual horizon of the people, is at least an encouraging sign. Nor do we find this desire by any means confined to dreamers and theorists, nor to those who themselves have failed in acquiring a due share of this world's honors and rewards. The end aimed at by the impracticable theorist who, out of the convolutions of his own brain, constructs a new social and economic system warranted to remove every existing inequality between different classes of society, is precisely the same as that sought by Mr. ROCKEFELLER when he bestows a few additional millions upon some educational institution. Each seeks in his own way to elevate mankind. The result indeed may be quite different, but the end aimed at in both cases is the same.

This desire for improving the condition of mankind is nowhere more strikingly manifest than in the religious tendencies of the time. The reproach of "other-worldliness" which has heretofore, with some justice, been ascribed to all systems of religion, seems destined to lose most of its force. It is coming to be realized that there is not necessarily any incompatibility between spiritual advancement and material prosperity. Many of the prophets of the new social order are to be found in the pulpit.

Newspapers that, a few years ago, were regarded as ultra conservative, are now contending with each other for the honor of leading in the new crusade. The apologists for the special privileges out of which enormous fortunes have been built up in a short time, speak invariably with bated breath and whispering humbleness.

Probably the fact is, that while we do not yet realize it, and would be slow to admit it if we did, the whole population of the country is becoming more or less imbued with principles that, if not really socialistic, certainly are tinctured with characteristics that it is very hard to differentiate from that creed. What has caused this strange revolution of mental attitude, it would be difficult to determine. Perhaps the greatest factor in bringing about this marked change has been the spread of education. As men become better educated they are enabled more clearly to discern the inequalities that exist between different classes of society, and, what is of more importance, they are better able to discover and apply the appropriate remedy. We shall find in this diffusion of education not only the means for redressing such inequalities as it may be possible to redress by human agency, but also the trained intelligence that will at once reject the quack nostrums prescribed by impracticable theorists.

Every endeavor that has been put forth to institute a new social order, where the welfare of the individual shall be made secondary to the welfare of the community, has failed; and this failure has been almost universally ascribed to the selfish principle which is inherent in human nature. But is there not some evidence that, while not warranting the conclusion that human nature is changing, yet justifies the hope that the time is not far distant when men will more clearly recognize that their own individual interests are indissolubly bound up with the interests of the community?

The real hope for the improvement of the conditions under which mankind lives is to be found in carefully studying the means of bettering those conditions rather than in adopting some vague scheme for revolutionizing our industrial system. The contribution of $10,000,000, recently made by Mrs. Russell Sage to be devoted to this purpose, is indicative of the direction in which modern philanthropy is tending, namely, to find out by careful investigation what practicable measures can be put into operation for ameliorating the conditions of the poorer classes. The significance of a contribution for the purpose indicated can hardly be overestimated. Its importance lies in the fact that instead of doling out charity to those whose situation in life is more or less unfortunate, people of wealth are beginning to realize that what is really needed is a better understanding of the causes that tend to produce the impoverishment of a considerable part of the community. This changed attitude of mind on the part of the rich is in itself calculated to work a revolution more far-reaching and beneficent than the most Utopian socialistic scheme that could be devised. For when the great and powerful really come into earnest sympathy with those less fortunately circumstanced, and set about to remove the causes of inequality, so far as it is possible to remove them, it cannot be long until the system of exploiting the masses for the benefit of the few shall give place to industrial methods whose aim is to spread the blessings of a comfortable existence among the masses instead of subjecting them to comparative poverty in order that a few multi-millionaires may be permitted to advertise themselves to the world as philanthropists. A change of this character involves no revolution in our industrial system, no destroying of everything which experience has proved to be practicable, and does not call for the adoption of any devices for equalizing wealth. It contemplates only that the richest and most powerful members of the community shall be brought to a realization of the fact that the humblest member of society has rights which are not to be disregarded. There is much evidence that this idea is already beginning to find lodgment in the brains of those whose sole ambition heretofore has been to pile up wealth and to gain power irrespective of the means employed or the consequence to anybody. The most opulent men of our age are coming to understand that the mere endowment of universities, the building of libraries and the contribution of vast sums for converting the heathen will not alone insure the approval of their contemporaries and the applause of posterity, but that they must also not be indifferent to the means whereby their wealth was accumulated and must show some real concern for the uplifting of humanity at large.

The industrial system under which we now live was not devised in a day nor will it be supplanted by any scheme originating in the minds of dreamers and sentimentalists. Whatever changes take place will come about gradually as the result of evolution. But while this is true, much is to be hoped for from the spirit of brotherhood that is undoubtedly manifesting itself more and more, not only among different classes of society, but among all the nations of the world. Centuries of enlightenment and progress are beginning to bear fruit: slavery has perished already; ignorance is giving place to education; debasement of the currency is almost unknown; religious proscription is disappearing; war as a means of settling international disputes is defended by lessening numbers every year; child labor, intemperance, poverty, crime and all other problems affecting the welfare of the race are being studied more earnestly and more intelligently than ever before. The result must be wise progress that will conserve everything worth retaining in the legacy left us by past ages.

THE Bank of France, which for a number of years has maintained its discount rate uniformly at three per cent., recently made an advance in the rate to 3½ per cent. This action was taken to prevent an outflow of gold to London and New York.

Ordinarily the Bank of France protects its huge stock of gold by politely offering to pay its notes in silver, as authorized by law. No such alternative is open to the Bank of England and the United States Treasury, which must pay gold on demand. The Bank of England may, however, to some extent guard its gold by advancing the discount rate; but even this expedient is not available to check the exportation of gold from the United States, there being no central institution like the Bank of England to fix the rate for money, and nothing like concerted action on the part of the banks. Despite this apparently defenceless position of our gold stock, we have accumulated more of the yellow metal than any other nation, and it is protected at present by the most natural and effective safeguard—a favorable rate of exchange.

SOME of the national banks in the country districts of New York State that desire to change to the trust company form of organization find their ambitions blocked by the power lodged with the Superintendent of the State Banking Department to withhold, at his discretion, permission for the formation of a trust company.

This discretion which the Superintendent of Banking is permitted to exercise, while undoubtedly designed to limit the extension of trust companies in the interests of safety, yet tends to impair somewhat the freedom which is supposed to inhere in our present banking system. It does not seem either logical or just to refuse a certain body of men permission to organize a trust company, provided they comply with the laws governing these institutions, and yet permit them to organize a bank. That looks very much like discrimination in favor of banks and against trust companies. It is defended, however, on the ground that in a small town or city there is not enough trust business to be done to justify the formation of such a company, and that in the absence of legitimate trust business, the company is liable to take advantage of the latitude permitted by its form of organization and become entangled in all sorts of undertakings, thus endangering its solvency. All of which sounds plausible and truly paternalistic. It would be more convincing, however, if the trust company laws of New York were as lax as is assumed in this line of argument. As a matter of fact these laws are very strict and provide ample guaranty for the safety of stockholders and the public. With a management so disposed, no insuperable obstacles have been found either in the National Banking Act or the laws relating to banks of deposit and discount in the State of New York to prevent the wrecking of a national or state bank—although the laws governing both classes of institutions are, on the whole, the best that can be devised.

An absolutely free contest between the banks and trust companies in any community will disclose which form of organization is the more profitable and the more serviceable to the community. In the larger cities there is business enough both for the trust companies and the banks; but this is not true of smaller places, where the survival of the fittest should be allowed to take place by a process of natural evolution without any official interference.

SOUND finance is the remedy which the "Morning Post" of London proposed as the only adequate cure for the conditions which were supposed to have caused the March slump in the prices of securities in Wall Street. As prices moved up again within a very few hours, almost to their previous level, it is obvious, either that unsound finance was not at the basis of the decline, or that a most startling and speedy conversion must have taken place in the Street.

As a matter of fact, unsound finance has not been monopolized by America. The gigantic swindles of history have been domiciled on other shores, and even to-day our foreign financial critics are perhaps assuming virtues that they do not have. Yet we should not fail to give respectful heed to opinions like the following, from a recent issue of "The Economist" of London:

"The feeling that prevails against the railways, owing to their failure to provide the increased facilities demanded by expanding trade, has, no doubt, contributed to the decline, and the discreditable and sinister revelations at the Harriman inquiry must also have exercised a disturbing influence. But the suspicion with which the public regard railway stocks is based upon permanent conditions. It is due to the conviction, founded upon long and bitter experience, that the small coterie of capitalists who control the railways of the United States look upon the investor as a mere pawn in a game which they are playing for their own enrichment. * * The real trouble is that the confidence of investors has been impaired by the methods of railway financiers, and that even when extravagant attacks are made upon the companies there is no counteracting factor in the shape of unprejudiced public opinion. *For this the money magnates are themselves responsible,* and they are now discovering to their cost that Nemesis invariably overtakes financial wrongdoers. It is lamentable that the transportation system of a great country should be juggled with by Stock Exchange operators, and that fact has apparently been fully realized by the people of the United States."

It is because the people have realized this condition of affairs and are aiming to remedy them that there is so much agitation in financial circles. The dust raised in this house-cleaning process may be unwelcome to our nostrils, but after it is all over we shall congratulate ourselves upon the improved wholesomeness of the financial situation.

There is no justification for a sweeping denunciation of American financial methods, which may be unsound in spots but are not tainted to an extent that threatens serious impairment of the reputation of our securities. It is hardly necessary for our great bankers and financiers to be told that nothing worse could happen to their interests than to have our railway and industrial securities discredited in the world's markets. Nor should such counsel be necessary to the state and Federal authorities that are so enthusiastically reducing railway rates and thus decreasing earnings.

When the present agitation has ended it will be found that some high financiers may emerge from the conflict with shattered reputations; but the railways themselves will not be crippled. On the contrary they will be more efficient in serving the public than ever before, and this increased efficiency will mean additional prosperity.

COMMENTING on the recent retirement of Hon. JOHN C. SPOONER from the United States Senate, "The Evening Star" of Washington says: "Mr. HOAR after forty years of office, died poor." Of course, "The Star" in its article was dealing purely with the money acquisitions of the various public men to whom reference is made. Nevertheless, it seems that there ought to be some higher standard than the dollar by which to estimate the possessions of our public servants. We should not like to call the late Senator HOAR a poor man, by any means, although his worldly possessions were doubtless very small as compared with some of the great millionaires of the present day. We do not believe, however, that in his time there was a millionaire in the Senate whose words were listened to with as much attention as were those of Senator HOAR. In character, education, refinement and taste, and in all the solid qualities that constitute real manhood, he was one of the richest of men. In a time of lavish display he had the courage to live without ostentation, yet his reputation will not suffer in comparison with that of any man now holding a seat in the Senate, regardless of how much he may spend every year in addition to his salary as a Senator.

IT is reported that Secretary CORTELYOU will no longer allow the banks the privilege of depositing other than United States bonds as security for Government funds held by the banks. There is no question as to the propriety of receiving other bonds as security on the score of safety. In fact, the deposits would in nearly every case be sufficiently protected if no bonds whatever were put up as security, as only banks of well-established solvency need be designated as public depositories.

The use of bonds for the purpose indicated tends to broaden the market for the securities so employed and also to enhance their price. So long as this tendency is confined to bonds of the United States it is unobjectionable, since it makes these bonds more desirable and renders it easier for the Government to float fresh loans at a low interest rate. There is no reason, however, why the Government should be expected to do anything that would tend to enhance the price of other securities, least of all railroad bonds. The use of bonds of the latter kind might in time give rise to a grave public scandal. The relations between the money market and the Treasury are already closer than they should be, and the expedients to which the Secretary of the Treasury resorts from time to time furnish the basis for considerable unfavorable criticism. The grounds for such criticism would be manifestly enlarged if railway or industrial bonds were used to any appreciable extent for securing public funds on deposit with the banks.

It is obvious, however, that if any change is made in the direction indicated it should be done at a time when no disturbance of the money market will be caused.

SENSATIONAL newspapers have a habit of giving prominence to anything derogatory to men of large wealth and great financial capacity. They are not so ready to publish anything to their credit. The story of what the railroad magnates have done in developing trade and enterprise, and in helping to make this one of the greatest and wealthiest nations of the earth, if faithfully written, would rival the Arabian Nights or the most captivating romances of DUMAS. When we get through our present house-cleaning process, some one may be found to record the achievements of these builders of empires.

Everybody has turned a willing ear to the attacks on Mr. E. H. HARRIMAN, and few have thought that there was another side to the story. But evidently there is, and it was told by Mr. HARRIMAN himself to the "Wall Street Journal," following the declaration of Senator CULLOM of Illinois, that he thought Mr. HARRIMAN should be in the penitentiary. Here is the railway magnate's statement:

"Senator Cullom, I am sure, does not really wish to put me in the penitentiary. He simply regrets that I am not in the poorhouse.

Eight years ago we found the great railroad of his great state of Illinois in a moribund and decadent condition. It had accumulated over a series of years a stockholders' surplus, but was unable to get any benefit therefrom except through a further expenditure of more than $20,000,000. The capital of the company at that date was about $22,000,000. A syndicate of more than one hundred, represented by four managers. bought the road at the going market price of $175@$200 per share, investing therein nearly $40,000,000 and $3,000,000 for fifty-eight additional miles.

As investors in Chicago & Alton at this high cost we could have remained quiet and even seen our property shrink and shrivel by the millions and tens of millions under the 30 per cent. reduction in railroad freight rates which has taken place in the past eight years in that territory and the road and its owners might have been on the way to the poorhouse.

Now I prefer the penitentiary, if that is the reward for the upbuilding of the railroad properties of this country, rather than the poorhouse, which is the reward of unprogressive railway management.

More than $22,000,000 additional has been expended in the building up of the Alton besides our original investment of $42,000,000 and the total dividend and interest disbursements have not been increased by more than three-quarters of a million or less than four per cent. on the new money. To-day the road is handling nearly three times the business it did eight years ago, and the territory served by it allowed to expand in that proportion.

This was accomplished solely by the sale of low rate bonds at a discount and the chopping up of the capital into three different classes of securities, viz: bonds, preferred stock and common stock where substantially one existed before and in place of seven per cent. and eight per cent. bonds and shares there is now nothing bearing higher than four per cent. on the preferred stock and the largest security is a bond paying three per cent.

The people of Illinois and the Chicago & Alton road had the benefit of the lowest rate ever named upon a railroad bond in this country, and it had the benefit of the value the speculative markets place upon common stocks whose main asset is hope in the growth of the country, just laws, and just administration thereof.

We sold these Chicago & Alton securities for the benefit of the state of Illinois, the Chicago & Alton road and the men who had the courage to buy the road for over $42,000,000 and put over $20,000,000 more into it, making the total amount to more than $64,000,000. Other interests bought the common stock and a thirty per cent. reduction in freight rates in that territory blasted the hopes they had in it.

Besides the $64,000,000 we put into the purchase and improvement of the Alton road the company itself by sale of securities, car trusts, etc., has put in $22,000,000 more so that the total investment is in the neighborhood of $80,000,000. But deducting the $6,000,000 dividend from our investment our total net investment was $58,000,000 and at today's prices there is a loss on this investment of at least $5,000,000. But at the average prices at which the securities could have been sold by the syndicate participants, the profit on the investment could never have been excessive for so large a risk.

Many years of my life have been devoted to the improvement and upbuilding of two of the most important railroad lines of the state of Illinois, the Illinois Central and the Chicago & Alton."

This reveals a different man from the jaunty and impudent HARRIMAN who appeared before the Interstate Commerce Commission. The utterances quoted above show that Mr. HARRIMAN has at length realized that there is something called public opinion—a force before which the greatest and most powerful must bend. His recognition of this fact, though somewhat belated, is a hopeful sign.

The best solution for the contest between the railroads and the people is along the lines suggested by Mr. JACOB H. SCHIFF, namely, that there should be a recognition of mutuality of interests, and a settlement effected on this basis by sensible and reasonable men representing both the railroads and the people.

THERE seems to be a probability that the four per cent. bonds due July 1, 1907, will all be redeemed and retired on that date. The Treasury is in a position to do this very easily, having on March 1 last a net cash balance of $250,154,654, in addition to the gold reserve of $150,000,000. On the date last above named the four per cents. of 1907 outstanding amounted to $111,696,300, but there has been some reduction of this amount since that time, owing to redemptions under a recent offer of the Secretary of the Treasury, so that the total now outstanding is about $100,000,000. This sum could be spared from the Treasury's cash resources without causing inconvenience.

The effect of the redemption of the four per cents. upon the bank circulation and the public deposits in the banks will not be of great importance. At the close of February only $28,379,250 of these bonds was on deposit to secure circulation, and $10,731,000 to secure public deposits. By substituting other bonds for the two per cent. Governments now pledged to secure deposits, Government bonds will be released and thus made available as security for circulation to replace the redeemed fours. Such of the latter as are pledged for public deposits can be replaced, temporarily at least, by the classes of bonds—state, municipal and railroad—which the Treasury has lately been accepting.

The redemption of the four per cent. bonds in full will make a considerable saving in interest, though this advantage will be partially offset by the issue of Panama two per cents., not really required. Furthermore, the payment of the four per cents. comes at an opportune time to aid in removing the strain incident to the fall demand for money.

WHAT is considered a marked defect in our financial system is pointed out by Mr. PAUL WARBURG in another part of this issue of THE BANKERS' MAGAZINE. He favors the wider use of bank acceptances, a form of paper but little known in this country, but largely employed in Europe.

Such acceptances are composed of bills drawn on firms of well-known repute and accepted by a bank. This gives them a more legitimate character than the finance bills drawn on foreign banks, since they have a purely commercial origin, and do not savor so much of direct borrowing as do the finance bills. The latter form of paper has been used to such an extent of late that it has become discredited—not that the drawers of the bills themselves have lost credit, but the extent and manner of this kind of borrowing have provoked considerable criticism from the foreign money centres. It is well known that these bills have, in most cases, been drawn to lend support to Wall Street operations. If a system of acceptances were employed, such as suggested by Mr. WARBURG, this criticism could not be made. The drafts would be drawn against merchants or firms indebted as a result of commercial transactions. It would virtually widen the market for commercial paper, and would thus exercise an important and beneficial effect in providing a form of security on which cash could always be readily obtained.

The banks of the country are denied the use of commercial paper as security for bank circulation, and if they could put into effect, without waiting for legislative sanction, a plan of the kind suggested by Mr. WARBURG it would, to some extent, compensate for this restriction.

ONE suggestion that has been made for taking the railroads out of Wall Street contemplates the shutting up of the Stock Exchange by act of Congress. The suggestion comes from Kansas, noted for producing large crops, agricultural and otherwise. The late Senator INGALLS of Kansas, once listening to some criticism of his state by a Pennsylvania Senator, made the following sharp retort: "Mr. President, Pennsylvania has produced only two great men—BENJAMIN FRANKLIN of Massachusetts and ALBERT GALLATIN of Switzerland."

Whatever deficiency may attach to Pennsylvania in this respect—a point which we do not discuss—surely Kansas would not like to endure a similar reproach. Most of her great men, like FRANKLIN and GALLATIN, were born in states other than the one to which their fame is attached. Even the eloquent and distinguished INGALLS was a Down East Yankee. The Kansas Congressman who seeks to achieve greatness by abolishing the Stock Exchange may or may not be a native, though his proposal has about it the tang of the Kaw. It smacks of the days when the Populists were in control of the state.

Financial manipulation of the railways could be stopped, probably, by suppressing the Stock Exchange; so, likewise, men could be kept from drinking intoxicants by putting padlocks on their mouths.

The Stock Exchange, by affording a ready market for railway and other securities, has been an important factor in the development of railway enterprise. It is hardly possible that our railroads could be built and operated without this ready market. It is this ease with which bonds and stocks are bought and sold,—together with their investment features and their speculative possibilities—which insures the marketability of fresh issues from time to time. Even margin trading and speculation, though subject to abuse, have their legitimate use. Actually, though the evidences of financial manipulation appear on the Stock Exchange, the real responsibility lies with the individuals and financial institutions that engineeer the manipulation.

TWO opinions were recently given regarding the railroad situation which are worthy of consideration. One was from THOS. F. RYAN, the well-known New York capitalist, from whose interview we quote:

"The railroads are really owned by the people, and not by the Wall Street brokers. They should be taken out of Wall Street, and the stock quotation tickers should be taken out of the railroad offices. The railroad officers and the practical railroad men who are charged with the responsibility of operating the railroads should be in absolute control. They should welcome every opportunity to confer with the President, aiding him in his efforts to reach a solution that will be fair and just to the country and to the corporations and insure strict obedience to the law."

Another opinion was delivered at about the same time by B. F. YOAKUM, who is largely interested in the Rock Island and other western roads. He said:

"A railroad should no more be at the mercy of stock jobbers than a savings bank or a life insurance company. The railroads of this country should be a public trust. The public is not without justification for the belief that they have been robbed by the railroad managers. But the hour of reckoning is at hand. Illegal operations have wrecked some railroads, damaged others, and in almost every instance to the profit of the men who held the reins of management.

The railroad properties never were in as good a condition as now. Only the stock speculation and other financial manipulations in connection with them are wrong. Wild speculation in railroad securities should stop. All 'water' should be squeezed out. With a practical plan for Federal rate supervision in operation most of the abuses of managerial power will vanish. I am not in favor of Government ownership of railroads, but I do believe in the ownership of railroads by the people. Ownership by the people in its widest sense, coupled with strict Federal supervision of rates, would mean a satisfactory settlement of pressing railroad problems."

There is extant a fable relating to an early Texas statesman, who was also a great hunter. On one occasion, having "got the drop" on an animal that had hastily climbed a tree, the animal in question, concluding discretion to be the better part of valor, entreated the statesman not to shoot, accompanying the request with an assurance of his purpose to descend.

The pronouncements we have quoted sound, under the circumstances, and considering their respective sources, rather too much like the remarks of the animal in the fable to be taken as the genuine outpourings of the heart. Yet the President, having forced the railroads to their knees, will doubtless be disposed to accept such declarations in good faith, especially if they shall promptly be sustained by works indicating a truly repentant spirit. And there will have to be reforms of the nature pointed out by Mr. RYAN and Mr. YOAKUM or the situation will become worse instead of better.

IT is rather a novel doctrine that the prosecuting attorney is to be condemned for seeking to bring the guilty to justice. This is what the New York "Sun" seems to imply, however in the following:

"Mr. ROOSEVELT has destroyed the credit of the railroads. Even with his great power and his passionate pursuit of his quarry, he could not have effected his purpose had it not been, first, for the public indignation at the disclosures of the system of criminal rebates, and secondly, the popular disgust and rage precipitated by the Harriman-Kuhn-Loeb-Schiff revelations. These two causes, brought into high relief with all of Mr. ROOSEVELT'S undeniable dramatic skill, have sufficiently inflamed the public mind to damn all the railroads in the country and paint the whole industry in Chicago and Alton black."

The President could not have succeeded in "destroying the credit of the railroads" had it not been "for the public indignation at the disclosures of the system of criminal rebates," and "the popular disgust and rage," etc. The prosecuting attorney could not have convicted the prisoner but for the evidence against him, and the disgust of the jury at his dastardly crime; still, the prosecuting attorney has destroyed the future of the prisoner at the bar! Apologists for criminal rebaters and those who by their misdeeds excite the popular disgust and rage ought to be able to reason a little more clearly if they would not invite contempt.

There are others who do not hold the President responsible for "destroying the credit of the railroads." To the extent that such credit has been destroyed, the responsibility is attributed to certain manipulations in Wall Street. As was said by Mr. STUYVESANT FISH, in an address before the students of Pennsylvania University on March 21:

"It has of late become very much the fashion to blame President ROOSEVELT for what has recently happened at the Stock Exchange. The fact that the investigation of railroad conditions was ordered by President ROOSEVELT had no more to do with the recent flurry in railroad stocks in Wall Street than you or I. I cannot and do not join with other railroad men in blaming him for the recent events. The fact is, he saw, as others had, that there was something wrong in the railroad situation and feeling it to be his duty, ordered an investigation. This investigation brought to light conditions and practices in 'high finance' which can only be characterized by extremely strong language, language that might be called vituperative. Many of those familiar with affairs in Wall Street had condemned those transactions insistently long before the President took a hand.

As I foretold weeks—months—ago, it is those conditions and practices to which the recent catastrophe in the Stock Exchange is due and not at all to any act or omission on the part of the President or Interstate Commerce Commission. These gentlemen simply acted in the line of their duty and in so doing brought to the knowledge of the general public here and abroad certain things which were already known to many in Wall Street. Their action has simply been like that of a prosecuting officer in bringing out the details of a robbery or murder.

In this case, as in former cases, through things done by certain railroad men to the detriment of all, the innocent will have to suffer with the guilty.

From the day I left college to this I have been continually interested in and for most of the time employed by railroads. In the earlier years, through association with my elders in the business, I learned much of what had gone before. I have also read somewhat extensively on the subject and I have no hesitancy in saying that no railroad fortune was ever made through advancing rates, oppressing shippers or withstanding the general tendency of rates to decrease. And what is more, every dishonest railroad fortune has been made by robbing the stockholders.

Should you ask why those stockholders have not sued for restitution I would remind you of the cost and of the law's delays and of the fact that when restitution should be made it would be to the corporation, of which, in all human probability, those dishonest managers would even remain as the majority holders and as officers and directors, so that the funds restored would simply return to their custody and their tender mercies. Hence the stockholders have sold and are continuing to sell their holdings.

Stock jobbery cannot be stopped by legislation, and the only way it can be stopped is by getting rid of dishonest officials. Laws will never remedy the evil. What is needed is proper enforcement."

Without some loop or hinge on which agitation could be hung, it would have been impossible for it to attain the proportions that have been reached. The responsibility has been justly fixed on certain of the railroads, particularly those in control of the high financiers. The offenses of which they have been guilty will have to be amended, either by reforms from within or by the strong hand of the law. But while the guilty railroad managers should be held amendable to public opinion, and even to the criminal law, it does not follow that all the roads are to be made to suffer for the transgressions of the few, or that any policy of state or Federal control amounting to confiscation is to be tolerated. The guaranty contained in the fifth amendment to the Constitution of the United States may be relied on to protect the railroads. Already, in the State of Alabama, proceedings have been begun in the United States Circuit Court to set aside laws of that state reducing passenger fares to three and one-half cents per mile and fixing certain rates for the transportation of freight. The courts will be inclined to look at these questions calmly, and if they find that the railroads have been virtually deprived of their property—or of the earnings of their property, which comes to the same thing—without due process of law, the confiscatory acts which some of the zealous legislatures have passed will be annulled. Until an inconceivable and revolutionary change takes place in the constitution of our courts the railways need have little to fear from legislation that savors of confiscation.

BANK directors are severely criticized whenever there is a failure resulting in losses to depositors and stockholders. This criticism is often just, and is always so where the failure has been due to a lack of proper supervision on the part of directors. But it sometimes happens that a bank fails after the directors have exercised the reasonable degree of watchfulness over the institution which the law requires. Immediately after a thorough examination, which discloses no irregularity, the books may be altered by an official or employee, the funds of the bank may be embezzled by someone whose integrity has been above suspicion, and the bank may be wrecked. This is not the usual course, but it is by no means impossible. Dishonesty sometimes develops suddenly among officials whom the directors have every reason to trust, and when this happens the directors are not culpable.

In the majority of bank failures, however, the causes leading to insolvency are of gradual development. Signs of incapacity or dishonesty begin to manifest themselves long before the catastrophe, and the directors are therefore clearly liable in not detecting those evidences of weakness that might have been discovered by the exercise of reasonable diligence.

Those who become directors of banks assume serious responsibilities. That they not infrequently fail in the discharge of their duties is due to a lack of knowledge as to what those duties are; but the law rarely excuses this ignorance. A director may plead that he did not know what was being done by the officers, but the law will reply that it was his duty to have known. There are, however, as indicated above, limitations on this doctrine. A director after having exercised that degree of care which is demanded by reason can not be expected to go beyond this. He can not, for example, be expected to neglect his own business and devote his attention exclusively to managing the bank. That is a duty which he has delegated to the officers, and he is only required to exercise a reasonable degree of watchfulness over them.

There are duties, however, clearly imposed by law upon the directors of banks, and of these they should be fully advised. For the protection of themselves, of their banks and of the public, bank directors ought to be posted as to their powers, duties and liabilities. The article published in last month's issue of THE BANKERS' MAGAZINE, prepared by JOHN J. CRAWFORD, author of the uniform Negotiable Instruments Act, deals with these matters clearly and authoritatively. This article is to be republished in handy form, suitable for distribution among bank directors. A careful study of its provisions, and a strict observance of them, would contribute materially to the safety and soundness of banking in the United States.

CROP prospects will soon become an interesting subject of speculation. According to many authorities the country is suffering from excessive prosperity. If this is true, we can look with complacency upon the pessimistic prophets who may have visions of crops devastated by droughts, hot winds, floods, army worms, chinch bugs, boll worms, rust, etc., etc., since bountiful crops are the foundation of prosperity, and prosperity, according to the authorities quoted, is what ails us. If the crops should be short next fall, it would give the railroads an opportunity of catching up the belated ends of their transportation business, and for the time at least, would relieve them of the necessity of building new lines.

We may have too much prosperity, yet everybody is eager for more of it, and the crop probabilities will be anxiously watched from now on, by the railways, by merchants, and most of all by the banks.

AT this time, when questions relating to corporation securities are receiving so much attention, especial interest attaches to the articles now appearing in THE BANKERS' MAGAZINE from the pen of Mr. EDGAR VAN DEUSEN, former instructor in finance in the Tuck School of Dartmouth College.

The paper in the February number treated of "Farm Mortgage Loans as Investments," considering in detail the character of such securities, and the elements which determine their value.

In the April number of the MAGAZINE Mr. VAN DEUSEN treats of "Stock Shares of Private Corporations." He will continue this subject in the May number and will also take up the matter of capitalization, giving especial attention to the proper basis of capitalization.

THE OFFENDING CORPORATIONS AND THE PEOPLE.

THE conflict between the people of the country and some of the overgrown corporations goes on with unabated rancor. Many of the great captains of industry who have heretofore sought to conduct their operations in defiance of sound public opinion seem not yet to have realized—indeed they must be totally incapable of ever realizing—that there is upon the part of the people of the United States an unalterable determination that the disregard of public rights by certain great corporations shall cease; nor will the attacks upon the President by representatives of monopolistic privileges, nor their veiled threats to plunge the country into a financial panic, swerve the people from this determination. The process of cleaning up American business methods has but just begun, and however painful it may be to the delicate sensibilities of some of our multi-millionaires, it will be continued until there is not a vestige left of such disgraceful conditions as were brought to light by the insurance investigations in New York and the packing-house revelations in Chicago. And until this fact is realized by the directors of the offending corporations the conflict referred to above must, of necessity, go on. To find fault with those who have exposed these evil practices would be precisely as logical as to condemn the physician who diagnoses disease and applies the right remedy. Unfortunately, the latter may be sometimes unpleasant and even painful, but if it is effectual the patient should not complain.

In seeking to compel the great railway and other corporations to have a decent regard for the rights of the public, the President is not only working in behalf of the people but is really doing an equally great service to the guilty corporations themselves. More than this, he is perhaps averting a storm of public indignation that, unless checked in the near future, may have consequences that no man can measure. His course represents no timid concession to the socialistic sentiment, but it is evidence of a clear purpose on the part of the American people vigorously to insist that there shall no longer be a defiance of the rights of the public on the part of corporations or individuals great or small. Instead of this determination being the cause of any alarm as to the security of invested capital, it should really be a guaranty of such security. The firm establishment of business operations of every kind upon a thoroughly sound basis is a fundamental requisite of safety and strength. The real danger of the possibility of hostility to corporations and dangerous attacks upon them by legislative or executive authority has been provoked by the disposition on the part of certain corporations to conduct their business in flagrant disregard of the rights of the public, nor can they expect to be relieved of this danger until they correct the conditions which engender it.

Of course, the corporations themselves are not wholly to blame. It was said of Caesar that he would have been no lion were not the Romans hinds. And so with our corporations; they would not have been guilty of the practices about which there is so much complaint had not the people of the country acquiesced in these derelictions. As was recently said in an address by Hon. JAMES R. GARFIELD, United States Commissioner of Corporations:

"Under the form of a corporation men have been willing to do or cause to be done that which they would not do as individuals. Behind the corporate form they have been able to conceal, for the time being at least, the evidence and record of acts for which as individuals they would have been, and should now be, condemned."

To remedy these conditions he very justly said it is worse than useless merely to inveigh against great corporations and assail men of wealth; mere denunciation destroys the judgment. Criticism, he said, to be helpful must be constructive, not destructive. He further said:

"It is for the educated man to find out what is good and make it better, to learn what is evil and to stop it. Large steps have been taken in the right direction. Systematic, intelligent, dispassionate investigation and study of corporate conditions are being made."

From the energetic yet impartial investigation and action of the President and the calm and dispassionate course outlined by Governor HUGHES of New York, we may expect that in course of time a system of regulation and control of corporations will be evolved that will provide an effectual remedy for the evils now so loudly complained of. Mr. GARFIELD says that it is under the corporate form that most of the industrial evil of the day has been done. It is hardly remarkable that this should be the case, since the corporation as a director of large enterprises is comparatively a modern institution. The problems presented are therefore new ones, but there is no reason why, with time and patience, they should not be adjusted in a manner to conserve the rights of the public and of the offending corporations themselves.

A striking illustration of the dense mental condition of the apologists for the corporations and individuals who are seeking to aggrandize themselves without regard to any other considerations, was afforded by a leading editorial article in The New York "Sun" of December 28 last, in which it was declared: "There is a greater unrest and a greater uneasiness in the air than there was before Sumter was fired on."

This unrest and uneasiness may well be felt by those who have so long defied every principle of decency and common-sense in the conduct of their enterprises. They are confronted by the aroused resentment of the public mind and may well be restless and uneasy in knowing that the war against such methods as have heretofore been in vogue will be waged relentlessly until they are completely exterminated. Those who are steeped in greed and guilt could not possibly make a more pitiful mistake than to imagine that the people of the country will longer tamely submit to aggressions upon their rights such as have been all too common in the past few years. At last the people know where the blame lies for such conditions, and they are seeking, as patiently as possible, but with an inflexible purpose, to find the proper remedy, and when found it will be most rigorously applied.

In the same article from which we have just quoted the following occurs:

"When the President of the United States inveighs against wealth and casts about publicly for means to pull it down, he invites violence. His idea implies violence and the imaginations of the people already most unwisely inflamed will give practical issue to it."

That "The Sun" was indiscreet in imputing blame to the President for the unrest caused by the disclosures of corrupt practices was strikingly shown by another article in the issue of January 7, in which it was declared:

"It is all very well to censure President ROOSEVELT for his autocratic and arbitary course and to deplore his impatience with the set forms of conservative and constitutional procedure, but of what avail can it be to do so when every day brings its fresh burden of dishonesty and corruption in high places?

Who is it, of a truth, that is bringing the law into disrepute and discrediting the Constitution—President ROOSEVELT or the men who exploit our great corporations?"

Between December 28 and January 7, this editorial Saul must have seen a great light. In "The Outlook" some months ago questions of a similar import were asked and replied to with a vigor and directness which must appeal to all thoughtful men. It seems to us so important at this time that there should be a clear discernment of the matters at issue that we quote from this article at considerable length:

"Who is responsible for this loss of business; for the disturbance of public confidence; for the temporary check of the development of American trade? The men who have been guilty of the offenses brought to light after years of warning—they, and they alone, have been the destroyers of value, the obstructers of the currents of trade. Upon them, and upon them alone, rests the responsibility for large losses and for the hardship which has come to many innocent persons in the same field of endeavor. The real disaster has not been the destruction of reputations; it has been the disclosure of corruption of character. When the eminently respectable man of high standing in the community is revealed as a fraud and a sham, the disaster is not the disclosure, but the character of the man. Nothing is more unfortunate for a man or a community than the prosperity of evil courses hidden away from public sight. Better a thousand times the shock to the community, the disturbance of values, the interruption of business, than the steady eating of moral corruption into the very fibre of individual, corporate, or business life. The great life insurance companies are in a far more satisfactory condition than they were two years ago. The only enemies they have had have been, not the investigators who have revealed the iniquities of past mismanagement, but the officers of the companies who have violated their trusts, betrayed public confidence, and dragged great enterprises into the mire. These, and these alone, are the men who have brought about the humiliation of great organizations, disturbed the money market, and reduced the revenues of the companies.

There should be no misunderstanding on this point. Men should not be led astray by cries that the prosperity of the country is imperiled or is diminishing because of investigation and exposure. The real disaster that the country has to fear is the conduct of business which has been brought to light and to which an end has been put. Ten years hence the painful experience through which the country has been passing for the last two years will be regarded as a period of peculiar beneficence and good fortune. It will be said then that what has happened in these two painful years laid the foundations of commercial honesty, of a higher type of business dealing, of a more solid and genuine prosperity. The real enemy of prosperity is not the man who enforces his ethical standards at the risk of disturbing the money market, but the man who violates his trust, betrays those who rely upon him, and shakes confidence by taking out the foundation on which it rests."

It is essential to keep the above facts well in mind, so that the work of reformation may not be hindered by the timid conservatives who see in it a threat to the continuance of prosperity. What a gloomy day it will be for the country when its prosperity is dependent upon the existence of conditions like those revealed by recent investigations! We need to rest the pillars of our prosperity upon a surer foundation than this, and the determination to do so, instead of being a menace to business interests, is the surest guaranty of safety. In seeking to reform existing abuses there should be a clear appreciation of the source whence they proceed. The corporations themselves, while the chief offenders, have found much encouragement in their course from the apathy shown by the public. Indeed, it might not unjustly be said that, to a considerable extent, the public itself has set the example. As was tersely said in a recent issue of The New York "Sun":

"We begin by secret debauchery in business methods. We corrupt our common carriers. We buy, by corruption, infamous advantages over our competitors in business. We ruin thousands; and, thriving, our lust for lawless gain grows by what it feeds on. We retort on the blackmail of legislators by buying legislatures, so that the infection of our morals and our methods taints the whole body politic. Everywhere the destroying canker spreads; it invades all ranks, vitiates the moral sense and distorts the national perspective of right and wrong. Who is really to blame if old remedies seem inadequate and if in the extremity of the issue the law and the offender fall together?"

Obviously, if this indictment is a true one, the work of reformation must begin by an awakening of the moral consciences of the people. In fact, all the agitation now going on is evidence that the shock occasioned by the disclosures of corporate wrong-doing has already caused such an awakening; and the groping in the dark for an adequate remedy is a further evidence that the people realize their delinquency and are accordingly seeking for means of betterment. Whether the right way has yet been found is an open question. In a most instructive article in "The Outlook" of January 12, Hon. PETER S. GROSSCUP, Judge of the United States Circuit Court of Appeals, expresses the view that merely denouncing the corporations and bringing lawsuits against them will not prevent monopoly. The great power which the corporations have acquired he attributes largely to the changed conditions whereby the people, instead of investing their savings strictly in enterprises of their own, have turned their accumulations over to the banks and other financial institutions where they have been made available for use by the corporations. The present unrest he ascribes to that instinct in human nature which inspires every manly heart with the ambition to have some individual part in the achievements of the time. Government ownership is condemned, on the ground that it would disarrange present conditions which permit a large degree of freedom on the part of every man to do the work for which he is best fitted. The remedy that he proposes, while not going into details, is to adopt in substance the German method of governing corporations, whereby they are held to a stricter accountability to shareholders and where the securities issued must be related in some way to the values actually paid in. He states that there is in the German corporation no room for one to do with impunity in his capacity as a corporate officer or director what, if done individually, would land him in the penitentiary. It must be recognized by everybody that this defect in our own system is one that has given rise to many of the present evils. Men of the highest probity in their private business relations have been shown to be capable of doing the most unscrupulous acts in their corporate capacities. For such moral obtuseness only severe legal penalties will afford a remedy. Judge GROSSCUP concludes his article as follows:

"The corporation, indeed, is the only form of proprietorship in sight in which our great new industrial life can embody itself, and maintain its vitality. But the corporation itself, as now constructed, looked at as I have tried to point out, from the standpoint of universal human nature (and by that standard it is bound to be judged), is built upon the sands. The duty and the task of this generation of Americans is to put it on the solid ground of human interest—to so rebuild it that, as the antithesis of public ownership, it will present also a countenance that is human—to make for our incorporated industrial life a name that, along with the other great names of American achievement, can be put on our flag in the contest that is bound some day to come between the civilization of today, the product of what has been best in the exertions of mankind. and a civilization that would sink us to the level of what is the worst that mankind can endure. And some day, to some man, will be given the strength successfully to summon to this great task the good sense and the conscience of the American people."

Here is a conservative paper like "The New York Times" saying the morning after the New York state election:

"We are confident that Mr. HUGHES will do his part. But there is something more—two things more. If the chief men of our great corporations and industrial concerns are not absolutely bent on provoking upheavals that sooner or later will put a HEARST into some place of power, it is high time for them to take thought about their behavior.

A policy of continued provocation, of cold-blooded defiance of the prevailing popular spirit, will presently bring them face to face with more serious troubles than in the past have confronted them. It is for them to mix some reason and consideration with their schemes for power and gain."

And "The World," on the same occasion, editorially said:

"The people of New York are tired of corporation piracy. They are tired of being robbed by the public service corporations that are the creatures of the state, and of seeing this robbery connived at by men who are supposed to be the servants of the public. They are tired of being robbed by Milk Trusts and Ice Trusts and Coal Trusts and Gas Trusts and Traction Trusts. They are tired of the partnership between corporations and political organizations and they have voiced their resentment at the polls.

The next two years must be years of definite results in the way of reform government and the restriction of corporation abuses. If the Republican bosses thwart Mr. HUGHES in his work of reform, or if Mr. HUGHES himself falters, it will be useless to appeal again to Democrats to save the state from demagogues. If the people are driven to the conviction that nothing but demagogy can sweep away the old order of things, they will vote for demagogy. When that feeling comes it will be too late to appeal to reason.

If the confidence of the people is again betrayed, and no effective effort is made to remedy the evils of which they not unjustly complain, it may be something even worse than HEARST next time."

The concentration of the direction of capital has greatly increased the efficiency of our industrial forces. There is a feeling on the part of the people, however, that the benefits resulting from this efficiency have not been justly distributed. When a group of Wall Street railway manipulators are able to make $25,000,000 over night, the average man may well doubt whether he ought not to have a larger share of the gains accruing from this increased efficiency of our industrial forces. With patient forbearance the nation will in time surely find effectual means for correcting all these abuses without resorting to Government ownership and without turning the management of the country's affairs over to crazy demagogues.

STOCK SHARES OF PRIVATE CORPORATIONS.

BY EDGAR VAN DEUSEN,

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I.—Definition and Nature.

A SHARE of corporate stock—to be distinguished from the tangible certificate that usually evidences its ownership—is an incorporeal *property-right* to an equally divided proprietary interest, primarily in the contributed definite capital fund or property that forms the foundation on which the business is built and constitutes a safeguard for its creditors. But as corporate property holdings are not confined to the amount of capital stock specified in a charter, it follows that nominal capital stands as representative of a company's entire net assets and this equitable proprietorship in first investment applies also over all other corporate assets, which may largely be considered to normally accrue from successful use of the original capital, whose value is governed by and fluctuates with that of the total corporate property.

II.—What Constitutes a Shareholder.

An individual status of shareholdership arises with the acquirement of a *proprietary interest actual* rather than nominal, as with the case of an agent or "dummy" in whose name certificates may stand, and is independent of the possession or even existence of scrip or other physical evidence of tenure of the right. In the case of original share subscriptions prior to a company's organization and consequent existence, the investor becomes by his own perforce unilateral contract invested with the rights and liabilities of a corporator; in other instances this actual interest starts with and rests on the manifest mutual agreement of company and shareholder to that relation possibly implied but commonly expressed by *registration* on the corporate books.

Once formed, the relation of shareholder is presumed to continue until shown to be ended by sale of stock, forfeiture, or end of the company. Incidentally it may be noted that voluntary surrender of shares and withdrawal by a holder is contrary to the principle that corporate capital is an asset for creditors' protection, and frequently against statutory provisions, as also the rule that a company may not purchase and take up its own shares.

III.—Rights of Shareholdership.

The ordinary company shareholder has three fundamental rights to which his others are but incident and supplemental. They are: 1. To participate pro rata in any distribution of net assets at final dissolution of his corporation; 2, to share proportionately in any profits or dividends of his active company, whether payable in cash, securities or tangible property scrip; 3, to take part in an indirect management of his business through his votes for election of directors, adoption or rejection of a certain corporate policy, etc.; though, in some cases, this voting power may belong to the stockholder only after continued ownership of his shares for a certain length of time, as sixty days.[1]

1. As to the first right, the shareholder's proprietary status makes his claim to assets subordinate to those of all creditors, special or general, of the corporation: so that the practical value of this right, especially in companies with a considerable bonded debt, is very small if not entirely absent.

Enforcibility of this right—as of the others—naturally involves *validity* of the stockholder's claim—i. e., of his shares—which raises inquiry as to the position of a bona-fide holder of *apparently* valid shares put out officially by the company, but yet void because issued in violation or excess of the charter or statutory authorization. Such shareholders are held *not* to be partners in the enterprise, but to have rather a general creditor's legal right *to recover damages* in an action against the company, based on the principle of "estoppel" applied to the corporation.

2. The second right, in all "going" concerns which actually pay dividends, has substantial value that varies in proportion to the size and, to a degree, the legitimacy and probable permanence of such payments. In cases where available net earnings are reinvested in the property instead of paid out as dividends, the real effect is, theoretically, to increase the value of the first-named right, rather than of the second, though either influence would appear in a probable appreciation of the shares' market price.

This right to dividends, however, is *not absolute* but conditioned on both the company's possession of net profits and formal distribution of same by vote of the directors; though, in case of their plainly improper refusal to declare a dividend, the shareholder may invoke the commands of a court of equity. But the claim to dividends once set apart is superior even to a creditor's right to satisfaction, on the principle that declared dividends become at once the private property of the shareholder, though temporarily held by the company, and are no longer assets of the corporation. Hence, also, such property rights do not legally pass with a subsequent sale of the shares, though made before the company's books are closed; but by the New York Stock Exchange rules shares sold between a dividend declaration and closing of the books carry with them the accrued dividend.

Subscription "Rights."

Related to the matter of dividends is that of subscription "rights" to *additional* corporate shares or "convertible" bonds issued to increase capitalization for any purpose, which have become noticeable in recent

1 Pittsburg, Ft. Wayne and Chicago Railway Co.

years. The "right" arises when a company offers its new securities to shareholders at a *less* price than that of its outstanding issues, and rests on a maintenance above the subscription price of the old shares' market quotation—with which "right" values naturally fluctuate—which in turn depends largely on a presumed ability of the company to earn as much on its new capitalization as on the old: under this idea, the price of extant shares may be temporarily enhanced because of their attached rights, rather than normally lessened by the share increase.

The term "right" indicates on some exchanges the subscription *claim to one share of new* stock, so that the theoretic value of such privilege naturally corresponds to the difference at any time between the new subscription figure and the *net* price of an old share—or minus the increment of value imputable to its possession of a subscription "right." In New York a "right" refers to the proportioned subscription privilege which *attaches to one share of old* stock: accordingly, this "right's" theoretic worth is measured by such fractional part of the difference between the new subscription figure and the net or "ex-right" price of an old share as coincides with the proportion of a new share to which an old one is entitled. In both cases the same rule may be used to determine the nominal worth of the "right," the result in the first instance being *dollars of value,* in the second *per cent. of par value* which exactly corresponds with the dollars so long as the par is the normal $100. Only with "half," "quarter," etc., shares is there a necessary modification—as explained later—of this rule, which reduces the calculations to a uniform unit basis and simplifies the treatment of a simple matter often obscured by the unanalyzed methods common to "the street."

The significance of "ex-right" price, why "difference" which in practice may be calculated from the market quotation is in theory necessarily estimated from the net price, and the natural measure of a "right's" value through its share's ratable proportion of this difference, appears below.

Any worth of an attached "right" is always represented and included in its share's market price, whose essential excess over the *average* price which expresses the cost of a combined holding of old and new shares—taken under an assumed exercise of the "right" as necessary to its value—indicates the *saving* effected by acquisition of shares through the subscription privilege and hence the value of that privilege: so, if each of four shares that sells for $150 has a "right" to one-fourth of a new share at par, the cost of the combined five shares will be $700, or $50 less than if all were bought in the market, which shows the value of such a "right" to be $10. Hence, the net price of an old share without its right is clearly $140; and the worth of its attached "right" to subscribe to one-fourth of a new share is plainly one-fourth of the difference in price between a new and old share without such "right."

These ideas, expressed as a rule for the estimate of "right" values, would be to divide the difference between the subscription and market prices of the given stock by one plus the number of old share rights necessary to obtain a new share. Algebraic demonstration of this rule appears in an example: assume that a company whose shares sell at \$150 each will issue at par (\$100) to holders of record new stock to the extent of one-fourth of its outstanding shares; let x stand for the unknown value of a "right": then, obviously, $150-x$ represents the net value of an old share *exclusive* of the increment of value that attaches to it through its possession of a subscription power, or of a so-called "ex-right" share. But this expression is evidently equivalent to the share's par value plus its net premium divided into as many parts as the times the number of old shares exceeds the new, or the number of old share rights required to obtain one new share, i. e. $150-x=100+4x$; whence, $5x=50$, and $x=\$10$—the theoretical value of a "right." Arithmetically, the problem reads $-(150-100) \div (1+4)$, i. e. $50 \div 5$; or if letters are used for the items respectively expressed by numbers, the general formula $(a-b) \div (1+c)=x$ is obtained.

Fractional Share "Rights."

Where "half-shares"—or those whose par value is \$50 instead of \$100—etc., are involved, the different meaning of price quotations on the New York and some other exchanges must be remembered. When the figure represents "dollars," a given *difference* (between subscription and market prices) and subscription *ratio* (between the amounts of old and new shares) will yield the same results whether the share's par is \$100 or \$50, since the number's relative magnitudes remain the same. Where, however, the quotation represents "per cent. of par," and that per cent. is doubled in case of "half-shares" to put it on the same basis as whole-share quotations—as in New York, where a "board" quotation of 120 (per cent.) for a half-share stock indicates that its *money* worth is \$10 above par (\$50) or \$60—it follows that a "right' quotation which represents *per cent.* of par value of its share is *similarly doubled* and that the *dollar value* of the "right" will be *one-half of the quoted per cent.* for a half share, *one-fourth* for a quarter share, etc.; or, as the result obtained with the above formula will represent a double per cent., it must be halved to get the actual money value of the "right."

Granted continuance of the price difference on which a "right" rests, its *full* nominal value may be realized by an original stockholder only by (*a*) subscription to and actual acquirement of the new shares at the reduced price, for retention or resale according to circumstances; or (*b*) by sale at the market price of an equal amount of his old shares, to be later replaced by his allotment at the lower figure of new shares when issued. A shareholder can profit by *part* of a "right's" nominal value through sale of (*a*) the new shares for *future* delivery (when issued) at a price above that of subscription; or of (*b*) the subscription privilege itself before expiration of its time limit—the earlier usually the better for the seller.

For an original shareholder to whom "rights" are given, their value is simply the possible profit; for a "right"-buyer this is much modified by the cost of acquiring the right. A discount which in practice is about one-fifth from the nominal value of each "right" is normally necessary to induce purchase of the same, since otherwise any advantage to the buyer of "rights" rather than of shares in the market would be plainly absent. Whether or not a "right"-buyer will get his stock at a "bargain" depends chiefly, as already suggested, on whether the price of old, and later of the combined, issues remains, at least until a dividend, above his subscription price.

Bond "Rights."

The theoretic or nominal value of a share's "right" to subscribe to a certain issue of *bonds* at a special price *cannot* be estimated, if none of such bonds are already in existence or if the same have no ascertained market price with which to compare that of the new issue. When, however, they have a known price above that for subscription, between which the difference may be determined, the "bond right" value is measured by the simple difference between the subscription and market prices—rather than "ex-right" price, which does not exist in the case of bonds, since the "right" attaches rather to the shares. The shareholders need *not*, as with stocks, own previously of such bonds with a price including the worth of an attached "right" that must be taken with the price of the new bonds to get the *average* cost of the entire holdings which represents the savings per bond and value of its "rights;" hence, each bond issue is an independent matter unrelated to another, and the value of a "right" to a new bond, or of a share's "right" to part of a new bond rests on the entire difference between subscription and market prices. Accordingly, the first formula may be here used with slight modification and will appear $(a—b) \div c = x$—the value of a bond "right"—the correctness of which is shown by a proportion based on an assumed "right" of five shares of a stock to subscribe at par to one bond quoted at *110*; then $5:1::10:x=2$; or, by formula, $(110—100) \div 5=\$2$.

3. Apart from rights to share in asset distributions or dividends of any kind, the potential claim of each share to an indirect part in corporate management gives to all shares a speculative value, greater for those which express a *majority* interest through which theoretically an actual control must be effected. So, in the absence of evident maladministration by the controlling interest for its private gain and the manifest injury of the minority as such, the courts will not ordinarily interfere with the fixed republican principle of corporate management by majority representatives, in implied acquiescence with which, as expressed in the general laws and corporate by-laws, the individual bought his shares, even though pursuit of a different business policy might increase the company's welfare. Only in cases of performance by the majority or its officers of *fraudulent acts within* their powers, as payment to themselves of excessive or unjustified salaries or commissions, or wrongful use or conversion of the corporate funds, or in case of *acts outside* their powers, as an unlawful stock issue, will equity interfere or enjoin majority actions. But in no event can the individual in a going concern or one under reorganization be deprived by a majority, however large, of those shareholder's rights

which he has, as for information on the condition and management of the company, or imposed with liabilities, as for assessments, which do not otherwise legally attach to him. Minorities, however, may secure representation and a more or less effective voice in corporate management through the device of *"cumulative" voting* by which their votes for directors may be concentrated on one or more persons rather than distributively applied to the election of all.

Practically considered, the control that, theoretically, rests only in a majority may be in fact exercised by a minority, as is sometimes desirable and often sought by certain interests as a less costly means of domination, which may be effected by either of four methods:

(1) The usual way in which an actual minority actually controls a corporation is through a use of the common *"proxy"* whereby a minority that is sufficiently active and influential may secure support as representatives by proxy of the majority interest at the company's business meetings for election of officers or other matters related to management. So long as ability and integrity characterize the minority, which commonly consists of the largest shareholders, this form of minority control is as proper as it is general.

(2) The uncertainties of the first plan are temporarily eliminated by the second or that of *"voting trustees"*—originally a device to protect bond-holders of companies in reorganization, and also applicable at the inception of any company—whereby a given management may be perpetuated without yearly obtaining the consent of the majority shareholders. While this method may contribute in some cases to a company's best management and welfare under able and honorable "voting trustees," it is essentially contrary to the fundamental republican principle of corporate control by a majority of those interested and theoretically makes possible serious abuses.

(3) A minority management that rests on assent of the majority, however, may be lost through a purchase in the market by hostile or speculative cliques of a major share interest. Accordingly, more sure than the proxy as a means to obtain and maintain control is a *charter restriction on voting power,* as with the Rock Island Company, in which a majority of the preferred shares elect a majority of the board of directors, so that ownership of preferred shares to about $24,000,000 gives control of property capitalized at over $600,000,000, of which one-third is stock.

(4) The *"holding company"* is a more common device to unify and perpetuate in minority hands a control of various operating companies by ownership of majorities of their several shares, a majority in turn of those of the "holding company" being held immediately by the controlling interests themselves, or through the medium of another or other "holding companies"—theoretically without limit. This method appears legally valid, so long as not applied to naturally competitive companies to the suppression of potential competition, as in the Northern Securities case.

IV.—LIABILITIES OF SHAREHOLDERSHIP.

Along with limited liability as the salient feature of corporate organization are certain potential liabilities which may attach to or arise at any time against the general property or specific interest of every company shareholder, to forcibly increase his original investment.

1. The first and most commonly recognized is his personal liability to the company's creditors for payment of the full par value of his capital shares, whenever issued for less, on the legally accepted theory that the nominal capital fund properly exists for the benefit of creditors.

Theoretically, this liability constitutes a noteworthy risk in the purchase of stock, especially as the failure of any holder of not-fully-paid shares to contribute his quotà to liquidation of a corporate debt increases by so much the other's liability, up to the par limit, and imposes on them the risks and trouble of collecting through an equity court a pro rata contribution from the delinquents.

Practically, the burden of this responsibility rests chiefly on original share subscribers, because of the general rule that *bona-fide buyers without notice* that the shares have not been fully paid up are held to be without liability for unpaid portions of the par value, especially where the certificates themselves represent the shares to be full paid.

On the other hand, it must be conceded that, where the question of whether or not shares are "full-paid" is the question of a proper valuation of certain tangible property (not cash) for which they were originally exchanged, the rule that creditors may go behind the directors' opinion as to proper valuation of the property taken, causes a degree of special risk to attach always to shares issued for property; though uniformly the debt on which the unpaid liability accrues must arise during possession of the shares and be enforced within a limited time thereafter.

Again, while original cash sales of mining shares which purport to be "full paid and non-assessable" are commonly made at but a fraction of their nominal value, the legal principle is well settled and perforce uniformly followed in letter at least, even in cases where goods or services are exchanged for shares, that a company cannot lawfully issue its shares at less than their face value.

Finally, the practical force of this liability is further lessened by the fact that it is in a sense secondary and becomes immediate only after an unsatisfied judgment execution against the company itself; though when it is already an adjudged bankrupt, the liability becomes a direct rather than contingent one.

An interesting incidental question, apparently not yet adjudicated, is the liability of a holder of shares received in exchange for convertible bonds at par which were issued originally at a discount.

2. Secondly, an additional *"statutory"* liability for a *specified sum* to *contract* creditors has been imposed by constitution, statute or charter in numerous states on shareholders of banks uniformly and frequently of manufacturing and other industrial corporations, but rarely in the case of railroads. This special responsibility is justified on grounds of

public policy, and aside from the well-known "double liability" of bank shareholders to depositors, etc., commonly exists as to corporate debts due ordinary wage-earners under contract for labor and services. As to just when or to whom such liabilities attach, whether to the shareholder when the company's debt was contracted, or at the time it was due, or when sued upon, or when action is brought against the holder after return of an unsatisfied judgment execution against the corporation, the language of the statutes themselves must decide. In all cases, as a statutory liability is contrary to the basic principle of limited liability companies, it will be strictly construed and in accord only with its obvious intent and force. Except in the case of banks, such statutes have been generally unsatisfactory, productive of litigation for shareholders and useless as protection to creditors.

A personal legal liability to the corporate creditors, however—such as above shown, may exist by statute or for unpaid subscriptions—cannot be established against a shareholder simply by reason of a company by-law or majority vote of directors or of shareholders themselves, being contrary to the general principle of a stockholder's limited liability as the understood privilege and condition in accord with which such interest was acquired. Assessments so attempted are unobligatory and their payment —as in connection with a reorganization—only a *voluntary* contribution to the corporate assets.

But a state may empower a company organized by special law or with unlimited liability, or through the former's received power to alter or amend a charter given under a general incorporation act, to levy upon its stockholders with their expressed consent special assessments above their shares' par value, which constitute rather an obligation authorized and assented to by the shareholder to his company than a legal liability directly to corporate creditors; accordingly, such assessment is enforceable against delinquent stockholders generally by forfeiture of their shares to the corporation only, rather than by legal suit to secure the same.

A liability as *partners* may attach to shareholders in a company which has an invalid and hence unreal existence as such because of some vital defect in its apparent incorporation: thus, where a company conducts business for which a corporate organization is not legally allowable, or where it was formed under an unconstitutional incorporation act, the presumed corporation is in effect merely a partnership and its shareholders are so liable.

On the other hand, it is clear that where existence of a given corporate type is generally authorized by law, and a company in endeavored compliance therewith has organized and does business as such, irregularities, mistakes or omissions in incorporation, or even a certificate's mention among the corporate purposes of one unauthorized by statute, neither invalidates the charter nor renders the shareholders liable as partners.

Altogether, therefore, it appears that while real, the legal risks of shareholdership are neither many nor grave.

(To be continued.)

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

LOSSES IN CONNECTION WITH THE IMPORTING TRADE, AND OTHER LINES OF BUSINESS.

IN the preceding chapter instances have been given of losses arising out of one branch of our export trade, viz., that in grain. In the present chapter the subject of losses in other lines of business will be considered.

There is a radical difference between the modes of operation in these lines of business and those in the grain trade. The latter deals with the prime necessity of human life. Quotations of its value are made every day in the commercial centres of the world. Its operations are carried on and reviewed in the produce exchanges of commercial cities; the results are public property, and as the trade is in staples of absolute necessity, transactions are large and the percentage of profit small. But the importing trade of this continent deals with a multitude of articles of which the values are never publicly quoted, and the dealing in which requires special education and experience.

Moreover, the business of importing, and the wholesale dealing in imported goods, can scarcely be entered upon without more or less capital and business knowledge. Its results, taken broadly and generally have been much more satisfactory to those who have carried it on.

Yet it cannot be denied that in many instances, from various causes, many a career that at one time looked promising has ended in disaster and bankruptcy, entailing at times heavy losses both to banks and to other traders. Let us take one or two examples of this on this continent.

In the earlier days of Canada a large house in the importing trade had risen in a commercial centre from comparatively small beginnings until its operations extended over a vast extent of territory and population. The firm had acquired high credit. It could buy at the best terms in foreign markets, and its selection of goods was such as to attract customers from all parts of the country. It thus gradually came to have almost a monopoly of the business of many storekeepers in country towns, who found the firm most accommodating in their mode of doing business; giving credit liberally, being lenient in collecting, and always ready to consider favorably proposals for renewing bills or extending credit if satisfactory security was given.

Naturally, under these circumstances, the house came to have a number of customers who leaned upon it for supplies and were of that profitable kind who never objected to prices. Their customers in many cases gave security to the house on *land* and buildings, the land being often

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* Continued from March number, page 387.

uncleared lots in the forest, or the partially cleared farms of struggling settlers. The properties in many cases had already been mortgaged for loans or unpaid purchase money, but the house took the security for what it was worth; generally under the impression, common in those early days, that real property was sure to advance in value. The security would thus become more tangible year by year.

Under this condition of things, the amounts owing by the circle of dependents, for such they were, tended continually to increase; until in many cases it became an absolute necessity to carry the account on, unless the customers were allowed to go on into insolvency. When men in the retail trade arrive at this stage, they cannot get credit elsewhere; they must be carried on or stop.

The ordinary bank account of a firm in their line of business would consist of the discounting of customers' bills given in payment of goods, and purporting to be payable on an expressed day.

So long as these bills represented goods in the active course of buying and selling; representing, that is to say, a moving account, their payment with perhaps one renewal could be depended upon. With many of the smaller customers of the house this continued to be the case. But with regard to the class of customers before named (which was an increasing one) their bills came to represent more and more mere dead stock on the shelves, and were kept current by renewals. Especially was this the case with that portion of their debt for which security had been given.

Thus, then, their banking accounts (for they ultimately had three) would present this appearance: that, while it contained the paper of a large number of persons for small amounts representing active business, it also contained the bills of a certain number of persons for far larger amounts, representing what are known as "supply accounts," on mere dead stock.

It has been said that both the number of this class of accounts and the sums due by each went on steadily increasing; *for the method of the house naturally led to their ordinary customers drifting into this undesirable class.* So long as the prosperous times lasted, while money was plentiful, and the credit of the firm good, the account being large, active and profitable, the several bankers of the firm allowed this state of things to continue. But at length the usual turn in the tide took place. Bad harvests made money tight. A great tide of revulsion set in; necessitating severe curtailment of discounts by banks. The firm was called upon for considerable reductions by each of its bankers, while the creditors of the house in Europe and elsewhere, being advised of the unfavorable turn of affairs on this side of the Atlantic, also called for closer payment of invoices. The firm was thus pressed from two sides at once, and was under the necessity of taking strenuous measures with its customers in turn, insisting upon their accounts being reduced, or paid up. But reduction in times of monetary pressure is almost impossible, as Mr. Gilbart has shown in his admirable work on banking. The retailers endeavored to collect in turn from their customers, and a general condition of disturbance ensued. Some asked extensions, offering such security as they had. Others went into insolvency. The selling off their stocks by an assignee tended to embarrass other firms, and thus things went on drifting from bad to worse. Before this had occurred, the banks had scrutinized the bills given by the firm with unusual care, and realized that the amount of paper given by certain customers was far beyond what was legitimate.†

Thus when the bankers of the firm, in the sharp stress of monetary pressure, came to sit in judgment upon the bills current in the account, they were vexed beyond measure to find what large amounts of the paper of certain storekeepers were afloat. Men whose whole sales in a year were only some $50,000 had bills running for the whole of that sum or even more.

A scrutiny of the securities was quite as unsatisfactory. Numbers of mortgages supposed to be on cultivated farms, with buildings and orchards, were found to be on lands only partially cleared with nothing but a shanty, or log barns on them, and the land itself not wholly paid for. Under these circumstances the firm went into insolvency. As the realization of the assets went on, the land often turned out to be barely worth the first mortgage, making the bank's security worthless. Mortgages on property in villages or towns were in many cases equally delusive. Vacant lots, valued at high prices under some "boom" influence, wooden buildings, shops, dwellings or barns, when brought to sale after foreclosure, realized, when charges were paid, but a mere fraction of the nominal value of the mortgage.

Whilst these processes were advancing the revulsion in the commercial sphere that had set in went on deepening year by year. Abundant harvests, sold at high prices, which had much to do with the development of the boom, were succeeded by a succession of bad years. Hence a heavy fall in the value of properties, and a continued series of commercial failures both in the wholesale and retail trades. The terrible experiences of the United States in 1857 were repeated all over Upper Canada. As might naturally be expected nearly the whole of these dependent persons failed when the supply house failed, and their estates yielded very moderate dividends.

This, of course, reacted upon the dividend paid by the great firm itself. Upon the various bankers of the firm finally fell the task of dealing with and winding up these complicated estates. This was a matter of years, and the final result was heavy loss. As to the firm itself, it passed out of existence. Its various members became scattered here and there. Some of their old employees picked up the scattered debris

† Let it not surprise the reader that this had not been done before. Bankers, like other mortals, are affected by changing circumstances. In prosperous times, when business is swinging along with activity, a banker's judgment is apt to be affected. An amount that would look dangerous when money is scarce, is passed by almost without notice when money is plentiful. And the course of an account which in times of pressure is seen to be illegitimate, in times of prosperity is apt to be passed by unnoticed.

of the once widespread business, and met with various degrees of success; but the firm itself, once so prominent and powerful, has almost passed out of the memory of the old inhabitants of the city where the name of the firm once commanded such high respect.

The above is a typical instance of the kind of failures that occurred in the early days of Canadian development, when the country was only half cleared, the real value of land very unsettled, and few means existing of ascertaining the true position of retail merchants; and also when the true principles on which credit should be given were as yet imperfectly understood.

It is true that even in this condition of things, some mercantile houses managed to thread their way by dint of more than ordinary sagacity and prudence, combined with courage in stopping when things looked dangerous. Such men, in various instances, accumulated a competency or fortune, which, with the business they founded, has survived to this day. But the above history is only too true a record of an opposite kind, of which Canada in its early days furnished many unfortunate examples.

Of an entirely different description in most of its particulars, though like it in its general features, was a failure that occurred in a later period of deep depression in one of the commercial centres of this continent. The head of the house was a man who had been well trained to business, and thoroughly understood it in all its departments. A man of activity and energy also, of an enterprising disposition, he had built up a large business from small beginnings, until he stood in the front rank of the houses in his own line of trade. His capital, apparently, had been steadily growing until it amounted, as was supposed, to a very large sum. And so he supposed himself. He was a man of philanthropic temperament, loved to help men on in life, especially young men; and had set up in business a number of such in various parts of the country, who. of course bought goods from his firm exclusively. As has been shown in another part of this treatise, this mode of doing business has, for a time, great attractions on both sides. To the merchant it gives an outlet to his goods at all times with the least trouble and expense, and at a better than average profit. To the retailer it affords an unfailing source of supply of goods for his shelves, and almost certain help when money is scarce and times difficult.

Benevolence Not an Attribute of Banking.

Benevolence is a fine attribute of character in the ordinary walks of life; but a competent authority has declared it to be dangerous and out of place when projected into the sphere of banking. It is equally so in the sphere of commerce; for it renders it difficult for a merchant to resist importunities either for more time, or more goods, and it prevents him from employing those measures of enforcement which are at times absolutely necessary to the safety of business.

Hardly ever was there a better exemplification of this than in the case before us. The accounts of these men who had been so set up went on smoothly when times were prosperous; the only disquieting circumstances being that they tended to grow larger and larger. This tendency should have been strenuously repressed, and the accounts kept within proper bounds.

But unfortunately for this merchant, he was in such good credit, that, as it was in the case just cited, he could discount bills freely in three banks simultaneously. This facility of obtaining money blinded him to the danger of such overgrown credits. And the fact that the account was carried on in three places blinded the eyes of his bankers too. None of them, in looking over the discounts under his name, seemed to have realized the true position. Their own share of the bills of these supply concerns did not seem to be large enough to create uneasiness. None of them, apparently, took account of the fact that the paper under each name required to be multiplied by three. Had they done this, they could not fail to have seen how dangerous the position was. Had there been only one account with a well managed bank, it would have been impossible for such a state of things to have arisen. No single bank would have discounted such an amount of the bills of these houses, or any of them, as was discovered to have been distributed amongst the three The tendency to overgrown credits would have been checked by refusal to discount. But facility of discounting proved the merchant's ruin. A time of depression at length set in. Trade became bad, money scarce, collections difficult. Payments on the bills of these houses became less and less, and pressure for renewals more and more. Even then the house might have been saved by energetic treatment being applied to these customers, and payments insisted upon before delivery of new goods. But the head of the firm had not the heart to do this. He found it impossible to resist importunity. Matters drifted on until the accounts due by these parties and the paper discounted at the three banks rose up to sums which, as owing by retailers, were simply appalling. Had these customers owed him but five to ten thousand dollars, he might have been able to take them in hand, and would not have been afraid even of their stopping payment. But as it was, their accounts had run up to sums of thirty, forty, and fifty thousand; and even in one case to such an abnormal figure as one hundred and twenty thousand! Their aggregate indebtedness was far more than the whole capital of the house. To stop them meant ruin. Matters therefore drifted on, always with the same delusive hope of a turn in the tide which would render quiet liquidation of some of these concerns possible. But depression went on deepening, and banks as well as merchants felt the pressure of it. They were compelled to curtail their discounts. The three banks concerned all applied pressure, but there was no effectual response. There could not be; and finally, the firm, overborne by the weight of these masses of money due to them, that would take years to collect, stopped payment, placed their affairs in the hands of an assignee, and were compelled to compromise with the same creditors who had been assured, only a year or two before, that the house had a capital of hundreds of thousands of dollars.

In this case the primary cause of failure was in allowing a strong instinct of benevolence to be carried into a sphere in which it had no place. The secondary cause was the facility of obtaining discounts.

There is this further to be said, that if the party had had to deal with only one banker and could have shown himself solvent, effectual help would have been rendered him when difficult times supervened. But co-operation between three was impossible.

A Remarkable Failure.

We will now pass on to a failure in another line of business, and distinguished by more remarkable features still.

In a certain town of Canada there lived in the last generation a man of active habits, polished manners, and enterprising disposition, who was a great favorite in the community. But his judgment was unequal to his enterprise. He had failed to succeed in one or two positions entrusted to him (not mercantile); but he was one of that style of men who are never daunted by adversity.

Soon after his last failure he conceived the idea of establishing a new industry in the town, in furtherance of which a contiguous water-power could be utilized. He borrowed all the money he could from a member of his family, bought the necessary ground and water-power, and made arrangements with a firm of contractors to erect the buildings. These builders were men of considerable means, customers of one of the local banks, and were in such high credit that paper bearing their name could be readily discounted for considerable amounts.

The contract was signed, the buildings proceeded with, and month by month the proprietor of the new concern gave his notes in payment as the work proceeded, which notes the bank discounted. Such notes had not a good banking foundation, as will be seen, but the local manager, a man of large experience and known to possess an intimate knowledge of the people of the district, reported the parties to be good beyond question. The paper was therefore allowed to pass for a time at the head office, with but little criticism.

As the buildings went on, the total amount of the notes increased; a hope however being cherished that money to retire them could be obtained by borrowing on the new buildings when finished. In this hope all parties were doomed to disappointment. The projector, however, went on cheerily in his usual sanguine way, and the only parties that felt uneasiness were the contractors and the bank manager. The liability of the contractors to the bank as endorsers had gradually increased to an alarming sum, and the manager of the bank began to fear for his own position, in case his advances did not turn out well.

It was, however, necessary to go on; for if stoppage had ensued, all parties would have been left with that most undesirable of all assets, an unfinished pile of buildings. As they stood, they had already cost more than three times as much as it was supposed would be sufficient to finish them. But many thousands of dollars were still required before they could be ready for the plant, machinery and power. The buildings, however, were finished at last. But the projector's calculations as to the cost of the plant were just as erroneous as they had been with regard to the buildings. But plant and machinery must be procured and placed; after which there might be a possibility of the advances being in some way recouped. At all events the business might begin to earn money. So advances went on, and an apparently finely-equipped establishment stood on the ground. But no money could be borrowed on it until it had proved itself capable of making profit for its owners. By this time it became evident that the bank practically owned the concern. The advances were represented by notes that were far indeed beyond the ability of the parties to pay, and the only hope of good results was in the carrying on of the business. The unfortunate manager therefore begged the head office to allow him to advance more money to buy *stock*, and with a despairing sort of hoping against hope, this was consented to. This stock was not only a stock of raw materials, but of animals to consume the refuse.

Manufacturing then began, but the product was not satisfactory. Considerable amounts of the goods were returned by purchasers, or heavy reductions required from invoices. The promoter, who maintained his cheerfulness, even under these circumstances, now suggested that certain alterations be made in the machinery, and managed to persuade the bank to increase its advances for the purpose.

Thus matters went on for about a year. The concern never made a dollar of profit. The burden of interest on the huge advances ground the business slowly down, and caused the advances to go slowly up. Finally the bank authorities determined to bring the affair to a stop. It was impossible to sell the establishment; for, notwithstanding the money spent upon it, it had not been well planned and never could have made money. The stock of raw material was worked up, the product sold off, so were the animals, everything was realized on, and the place finally dismantled, to remain to this day an object lesson to passers-by of the folly of projecting a great enterprise without means, and of lending huge sums of money without tangible security.

But when the stoppage transpired, a very singular circumstance came to light.

Long before the final catastrophe the wrath of the bank authorities had burst on the head of the unfortunate manager, and it was intimated that unless he could get the account secured he would lose his position. Upon this he sought an interview with his friends, who comprised nearly every man of position in the town, and his influence was so great that many of them were persuaded to assume a share of the security for the debt. Some of them endorsed for $5,000; some for more (large sums in that locality) and thus assumed obligations they could ill afford to meet.

But they had to pay the whole amount, and some of them were impoverished for years thereby.

The loss to the bank was considerably reduced by the severe measures taken; but it was still enormous, considering the amount of business to be done in the town. Indeed it was estimated that the profits of ten or twelve good years of the branch would be swallowed up by it.

As for the parties themselves, the prime mover came out as he went in, except that in addition to being worth nothing, a heavy and uncollectible load of debt was registered against him. His relatives had lost all they had lent him; and the endorsers lost all they had put their names to.

He could not, of course, remain in a town where every second man he met had lost money by him. He therefore took a situation in a distant town, and passed into obscurity. The contractors were hopelessly ruined; a hard fate for men who had always maintained an unblemished reputation, and who, previous to that affair, had practically retired with a competency.

The bank manager was well on in years at the time of this fiasco, and only retained his position for a short time afterwards. He also left the town, and never again held up his head in banking circles.

As to the bank, it was doing so well on the whole that even a loss of this kind could be written off without attracting notice.

Failures and Losses in the Lumber and Timber Trades

Many years ago it was common for the exporters of heavy timber from Quebec to procure supplies of certain kinds of hard wood from the forests of Michigan and Ohio. This business was one calling for considerable bank advances spread over many months of time. It was a highly remunerative one in good seasons, and no man had succeeded better than a certain Ontario manufacturer who was well-known in Quebec as a heavy producer of timber, and esteemed as a man of sterling integrity. In a certain year, however, he concluded to vary his operations, while still looking to Michigan for his supplies, to export timber in a manufactured condition; that is in the shape of deals. He was in high credit with his bankers and in the trade, and had no difficulty in making contracts for large amounts with many of the sawmills of the state. In fact, the contracts were on a scale far beyond anything that had been attempted before; based on the idea of continued prosperity in the business and of large profits that awaited the conclusion of the enterprise. But, as has been observed, the lumber and timber business is subject to recurring cycles of expansion and depression; the depression at times being so severe as not only to render it impossible to make profit, but impossible to avoid heavy loss, even with the closest management. It was while these operations were in an early stage that a period of heavy depression set in. Prices fell continuously month after month; indeed, so severely did the revulsion press upon exporters that cargo after cargo was at that time sent abroad from Quebec which scarcely realized more than freight and charges, leaving the whole cost of the article as a loss. Better would it have been in some cases, as a merchant once told me, to have sunk the whole cargo in the St. Lawrence. This had come to be the condition of the trade at the time now spoken of. It was, however, impossible to stop operations when once begun. Numerous gangs of men were out in the woods; the contracts covered the operations of many mills; deliveries were constantly going on, railway and ocean freights had been engaged both from Canadian and American ports. Bank advances had also been arranged for.

But the full extent of the operations had not been disclosed. They had only been spoken of in general terms. But as weeks passed on it became evident that to carry these operations through a far larger amount of money would be required than had been spoken of. It seemed an absolute necessity to make further advances on a very large scale, in fact to an amount altogether unprecedented. There was not, on the part of the bank, such a strict style of dealing with the account as its magnitude called for. In fact, the glamour of the customer's former successes somewhat blinded the bank's judgment. Matters, therefore, went on. The advances mounted up to hundreds of thousands. The contracts and a prodigious accumulation of exportable merchandise gathered together. It was then moved forward to tide water. Ocean shipments began. Sales took place in Liverpool and other British ports. But the unwonted supply still further depressed the market; and finally the affair was wound up, leaving the party, after all the merchandise had been realized, indebted to the bank some hundreds of thousands of dollars.

Many other parties were involved, directly or indirectly, in these or subsidiary operations, and the downfall of the firm brought many men to ruin who had hitherto been regarded as men of substance. The catastrophe was the heaviest that ever transpired in the trade; more than one bank was involved in heavy loss; and the lessons are not likely to be forgotten in this generation at least.

It may be reasonably asked, how it could come about that a trader who had been uniformly successful in timber operations should have made such a prodigious fiasco in a line of business so nearly related, even if a time of depression had set in. To this the answer must primarily be that the trader had entered upon operations that were immensely beyond anything he had attempted before, and for which his capital was absurdly inadequate. But in addition to this, the operations were such as he had had no experience in. He was an expert in timber, but knew nothing, practically, of deals. For, although the business of making timber and manufacturing deals both originate in the forest, there is an absolute difference in the *modus operandi* even from the very outlook; as has been shown. The experience gained in one will not qualify a man for dealing with the other. And Canada furnishes more than one instance of the folly of attempting an interchange.

There is, however, something more to be said about this remarkable case. After the great break-up, and when the methods of the firm were brought fully to light, it was discovered that the expenditures had been characterized by extraordinary recklessness. The close and careful style of former successful days had been completely abandoned, and purchases, contracts and disbursements were carried on from the office for months together apparently on the principle that "money was no object." The parties concerned, in fact, had completely lost their heads in the magnitude and multiplicity of their operations, the result being, that the stock which had been manufactured had cost them enormously more than it should have done.

For this state of things, no little blame must be laid upon the firm's bankers. They ought to have seen what was going on at an early stage, and applied an effectual check to it. But the large profits (apparently) being realized from the account (and on paper they were simply immense) completely blinded the judgment of the officials who had to do with it. They therefore went on supplying the parties with money in a most profuse style, and so continued until the great catastrophe supervened.

Another instance of the folly of a man passing from one department of the timber trade to another of which he knows nothing, will now be given.

In a certain timber district of this continent a person had grown up amidst forest surroundings, who by shrewdness and close attention to his business of manufacturing timber had succeeded in acquiring a considerable capital. The business continued to be carried on by his successors, but in time a change began to be perceptible to the bankers of the firm, in the fact that advances were not periodically paid off as formerly. Inquiry elicited the fact that the firm, without informing their bankers of the change, had ceased to be makers of heavy timber and entered upon the business of *saw milling*. They had, in fact, expended the whole of their capital and not a little of the bank's advances in the erection and equipment of a sawmill in an adjoining district, and the purchase of limits suitable for lumber operations. This was a line of business of which they knew practically nothing. As was to be expected, they made mistakes both in the site, the building, and the equipment of the mill. The business, naturally, did not prosper. The firm steadily lost money. There are intricate points in the manufacture of lumber of which the firm only knew theoretically. The times also were not favorable. The enterprise was commenced in deception, for they had deceived the local manager of the bank as to the purpose for which advances were required, and, after struggling along for a year or two, they came to a stop. The business was closed. The mill and limits were disposed of. All the property of the partners was realized, after which there remained a heavy debt to the bank which had to be written off as a loss. The mill has long ago been dismantled and abandoned, and all that remains is the memory of a once honorable and prosperous firm, who, in an evil day, were tempted to abandon the pursuit to which they had been brought up, and enter upon operations of which they knew cealment and deception.

G. H.,

Former Gen. Mgr. Merchants' Bank of Canada.

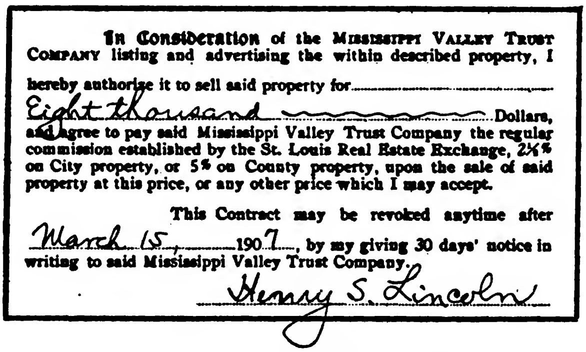
†TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

FORMS AND RECORDS FOR THE REAL ESTATE DEPARTMENT.

[The writer wishes to acknowledge his obligation to the companies whose forms are shown in this article, for the permission to use such forms; and particularly to Frederick Vierling, Trust Officer of The Mississippi Valley Trust Company, for information courteously given by him.]

THE Real Estate Department of a trust company undertakes the care, sale, purchase and rental of real estate. Services of this character are often included in the administering of trusts held in the estates division of the trust department—or the individual trust department, as it is sometimes called; and the principal forms needed for



In Consideration of the Mississippi Valley Trust Company listing and advertising the within described property, I hereby authorize it to sell said property for Eight thousand Dollars, and agree to pay said Mississippi Valley Trust Company the regular commission established by the St. Louis Real Estate Exchange, 2½% on City property, or 5% on County property, upon the sale of said property at this price, or any other price which I may accept.

This Contract may be revoked anytime after March 15, 1907, by my giving 30 days' notice in writing to said Mississippi Valley Trust Company.

Henry S. Lincoln

FIG. 252.—SALE AGENCY CONTRACT.

the purpose have been shown under the heading "Forms and Records for the Trust Department."†

In addition to this real estate business incidental to the administration of their trusts, trust companies often conduct business as regular

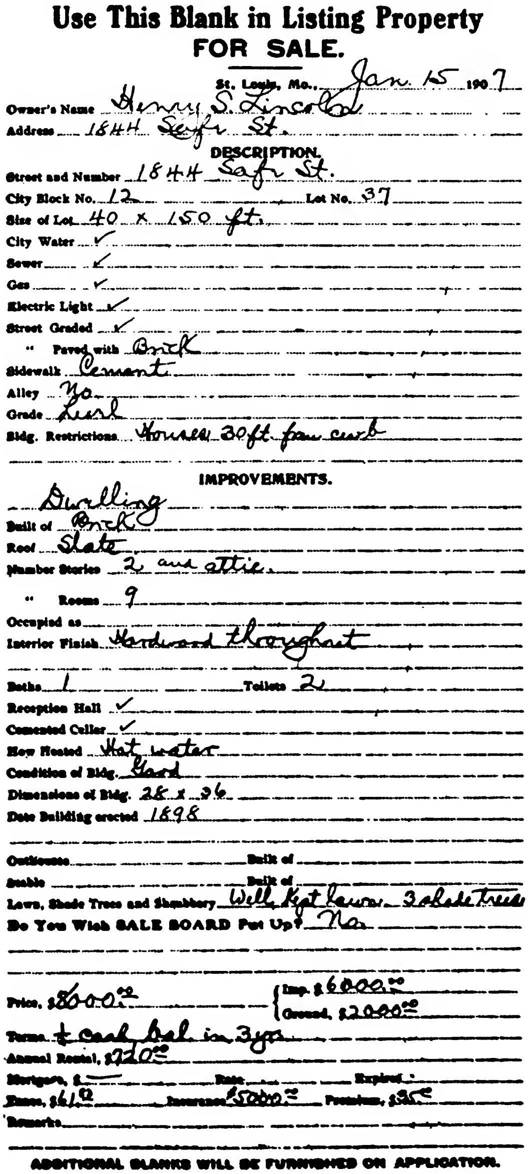
* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 81.

† The Bankers' Magazine, October, 1905, pp. 489-497; January, 1906, pp. 30-38; February, 1906, pp. 249-254.

real estate agents. If the amount of such business is not large, it is usually carried on by the estates division of the trust department. In some localities, however—notably in St. Louis—trust companies are numbered among the leading real estate dealers and agents and maintain separate and well-equipped departments for the work. Real estate held by estates in the trust department is turned over to this department for management, the trust department becoming a customer of the real estate department as to such property. In such case the fees of this department are a charge against the earnings of the trust department, the charge against the trust estate being the same as if one department handled all the business.

The relation is close also between this department and the loan department so far as concerns real estate mortgage loans, and some companies handle all such loans through this department. The forms needed for this purpose have been given in figures 177-193.‡

In the present chapter will be considered the forms needed for a real estate agency business as distinguished from real estate business connected with the administration of trusts.



Use This Blank in Listing Property
FOR SALE.

St. Louis, Mo., Jan 15 1907

Owner's Name Henry S. Lincoln
Address 1844 Safr St.

DESCRIPTION.

Street and Number 1844 Safr St.
City Block No. 12 Lot No. 37
Size of Lot 40 x 150 ft.
City Water ✓
Sewer ✓
Gas ✓
Electric Light ✓
Street Graded ✓
" Paved with Brick
Sidewalk Cement
Alley No
Grade Level
Bldg. Restrictions Houses 30 ft. from curb

IMPROVEMENTS.

Dwelling
Built of Brick
Roof Slate
Number Stories 2 and attic
" Rooms 9
Occupied as
Interior Finish Hardwood throughout
Baths 1 Toilets 2
Reception Hall ✓
Cemented Cellar ✓
How Heated Hot water
Condition of Bldg. Good
Dimensions of Bldg. 28 x 36
Date Building erected 1898

Outhouses Built of
Stable Built of
Lawn, Shade Trees and Shrubbery Well kept lawn 3 shade trees
Do You Wish SALE BOARD Put Up? No

Price, $8000.00 { Imp. $6000.00 / Ground, $2000.00
Terms ½ cash bal. in 3 yrs.
Annual Rental, $720.00
Mortgage, $— Rate Expires
Taxes, $61.00 Insurance $5000.00 Premium, $35.00
Remarks

ADDITIONAL BLANKS WILL BE FURNISHED ON APPLICATION.

FIG. 253.—DESCRIPTION OF PROPERTY LISTED FOR SALE.

‡ The Bankers' Magazine, October, 1906, pp. 592-605.

The department is of course equipped with maps and charts covering the territory in which it operates, files containing memoranda regarding values in different localities, indexes of various kinds described on another page, "For Sale" and "For Rent" signs, files for the keeping of keys,

Contract No. 2348 — Jan. 15 — 1907

Street Fairmount Av. #7505

City Block No. 7 — Lot No. 64

Size of Lot 35 x 155

City Water ✓ — Gas ✓

Electric Light ✓ — Sewer ✓

Street Graded ✓ — Paved with Brick

Walks Cement — Alley No

Grade 2 ft.

Building Restrictions Houses 30 ft. from curb

Mortgage. $2000.00 — Rate 6 % — Expires June 11, 1908.

Taxes. $53.47

Price. $7000.00 — Per Foot $40.00

Terms Half down, bal. 3 yrs.

Remarks

Authority

Owner Arthur O Scott — Board

Address 7505 Fairmount Av. — Received by

FIG. 254.—CARD INDEX OF PROPERTIES.

UNIMPROVED BUSINESS PROPERTY

Location Washington St. — Price $10000.00

Block No. 16 — Lot No. 38

Description 40 x 150 ft., South side of street, 120 feet from cor. 12th St.

Owner James R. Wallace — Date. Jan. 18 — 1907

LIBRARY BUREAU CHICAGO 66541 P

FIG. 255.—CARD INDEX OF PROPERTIES.

and other necessaries usually included in the equipment of a real estate office. The work is of two somewhat different kinds, the selling and the renting of real estate; and the department is sometimes conducted in two divisions.

LEASE NO.	TERMS	DATE OF LEASE	NAME OF TENANT
378	5 yrs.	3/12 1905	Chas. R. Simpson

OCCUPATION	BUSINESS ADDRESS
Plumber	3714 West St.

PREMISES	LOCATION
Dwelling	189 Thompson St.

RENT BEGINS	AMOUNT	PER	PAYABLE
3/15 1905	$22.00	Month	In advance

OWNER Arthur J. Watkins

REMARKS

FORM RE 1 — COMMONWEALTH TRUST COMPANY — REAL ESTATE DEPT — ST. LOUIS, MO. — [illegible]

FIG. 256.—INDEX OF TENANTS.

When property is listed for sale, the owner signs a contract appointing the company as his agent for the sale. Figure 252 shows a form of this contract, on the back of which, shown in Figure 253, is given the description of the property.

An index is kept of all properties listed, and cards are found most convenient for such an index. The size of the cards is 6 by 4 inches. They are filed alphabetically by names of streets; or if out of the city, by names of towns, townships, etc. Each card contains particulars regarding the property listed on it, so that it is not necessary to look up other records to give an enquirer such information as he may wish before viewing the property. Figure 254 shows a card used for this index. Another form is shown in Figure 255. The latter is one of a set of several

TENANTS

TENANT Chas. R. Simpson — TRUST #374

WITH Barson and Co. — PHONE W3784

OWNER'S NAME Arthur J. Watkins

LOCATION OF PROPERTY 189 Thompson St.

WATER RENT PAID BY Tenant

INSURANCE PLACED BY Owner

FIG. 257.—INDEX OF TENANTS.

OWNER'S INDEX CARD.

Name Arthur J. Watkins

Address 1243 Adams Ave

NUMBER	STREET	KIND	PRICE
1577	Washington	Dwelling	$3000.
481	15th	3 story brick Block	15000.
2843	Bronson	Dwelling	5000.
3900	White Ave.	do.	7500.

FIG. 258.—INDEX OF OWNERS.

Name John Doe No. 1378

Address 237 Brown Bldg. Date Jan. 15, 1907

Source of Inquiry "Times ad". Taken Care of

Nature of Inquiry Wants a dwelling, good neighborhood, at about $5000.

THE GUARDIAN SAVINGS & TRUST COMPANY
REAL ESTATE DEPARTMENT

DATE 1907		MEMORANDUM
Jan.	20	Looked at #7814 Ralston Ave. Thinks price high. [illegible]

FIG. 259.—INDEX OF INQUIRERS.

cards differing in color, the idea being to use a card of a special color for each kind of property listed. The card shown is for "unimproved business property," others are for "improved business property," "dwellings,"

OFFICE OF

MISSISSIPPI VALLEY TRUST COMPANY.

REAL ESTATE DEPARTMENT.

St. Louis, Mo., Jan. 15 1907

Received of Wallace M. Hanson

the sum of Fifty DOLLARS,

as earnest money on purchase of a certain parcel of .... improved property lying in City Block No. 8 of the City of St. Louis, having a front of 40 feet on the South side of Princeton Street, and a depth Southwardly of 145 feet,

described as follows, viz.:

The above described property is this day sold by the undersigned agent, but subject to the approval of the owner thereof, to said Wallace M. Hanson for the total sum of Five thousand Dollars, payable Three thousand Dollars in cash, of which the above mentioned earnest money shall be taken as a part, and the remainder of Two thousand Dollars, payable on or before Jan. 15, 1909 with interest at six per cent per annum from date payable semi-annually, said deferred payments to be secured by first purchase money Deed of Trust on the above mentioned property.

Said property will be conveyed by General Warranty Deed free from liens and incumbrances, except as to general and sprinkling taxes for the year 1906 and subsequent years and all special taxes levied or assessed during the year 1907, which the purchaser assumes and agrees to pay; subject also to existing leases now on said property, expiring July 1, 1905

which the purchaser accepts, ~~subject also to Deed of Trust now on said premises for $ due~~

which the purchaser assumes and agrees to pay; subject also to restrictions now on said property, or such as may be imposed thereon by the grantor

The said purchaser is accorded ten days' time from this date in which to have the title investigated and to close the sale at the office of the **Mississippi Valley Trust Company.**

If, upon examination, the title proves to be defective, and cannot be made good within a reasonable time, the sale shall be off and the earnest money returned, if the purchaser so elects, but otherwise the sale shall stand good and be binding upon purchaser and owner; should title prove to be defective and cannot be made good, as aforesaid, the cost of certificate of title not to exceed Ten Dollars, will be refunded to said purchaser

Rents, Insurance, Interest on Deed of Trust and Taxes on said property to be prorated to date of closing this sale. Upon the completion of this sale a commission of 2½% is to be paid to the **Mississippi Valley Trust Company** by the vendor.

Time is declared to be the essence of this contract, and if sale is not closed promptly as above provided, then, without any notice whatever, at option of owner of said property, said earnest money hereby receipted for shall be forfeited to said owner as liquidated damages, and said purchaser shall be taken to have waived all right, interest or equity under this contract and in said property, as though this contract had not been made

SIGNED IN DUPLICATE.

Accepted under above terms and conditions.

MISSISSIPPI VALLEY TRUST COMPANY, Agent.

Wallace M Hanson

Purchaser.

Real Estate Officer

This receipt to be returned to MISSISSIPPI VALLEY TRUST CO., on closing of purchase.

FIG. 260.—MEMORANDUM OF SALE.

"flats and apartments," "suburban and acreage." Cards may also be distinguished from each other conveniently by having tabs at the tops, a certain tab being left on all cards used for listing a given kind of property.

Figures 256 and 257 show two different forms of cards used for an index of tenants. The sizes of the cards are 3 by 5 and 4 by 6 inches, respectively. They are filed alphabetically.

Figure 258 represents a card 4 by 6 inches in size used for an index of owners of property.

A loose-leaf form for a list of inquirers after property is given in Figure 259.

Many companies issue booklets giving a list of the properties which they offer for sale, describing each property briefly and stating the price asked.

When a customer decides upon the purchase of a property, he pays down a small amount as "earnest money," and is given a receipt or memorandum of sale in such a form as that shown in Figure 260. This is written and signed in duplicate, the company retaining a copy. Upon completion of the sale, if by payment in full, the company delivers to the purchaser the former owner's warranty deed; if by partial payment, the purchaser delivers his note or notes for the balance of the purchase price, together with a mortgage securing same, and receives the warranty deed. In either case an abstract, certificate of title or policy of title insurance is also furnished. Sales are also made under land contract.

...SALE...

Property 1247 Golliver Ave.

Purchaser L. K. Strauss

Owner Annie Burns

Sold for $4600.00

Earnest Money Paid. $100.00

Balance Cash Payment. $2400.00

Deed of Trust. $2100.00

Date of Sale March 5, 1907

Date of Closing March 12, 1907

Taxes 1906 Paid by seller

Deed to Mary M. Strauss

Name of Husband ~~or Wife~~ L. K. Strauss

Commission 3½ %. or $115.00

Asst. Agent None

Pay Asst. agent — %. or $ —

Salesman R. Z. Scott

Salesman will make out sales slip immediately upon effecting sale and hand to Real Estate Officer.

Conveyance Clerk will verify and "OK" immediately upon closing sale and hand to Chief Clerk who will settle with the Assisting Agent and give Salesman proper credit.

FIG. 261.—REPORT OF SALE.

The employee making a sale fills out and hands to the real estate officer, together with the cash received, a report of such sale on a form like that shown in Figure 261.

When the company's agent does not accompany the inquirer to the property which he wishes to inspect, it is convenient to use a card like that represented in Figure 262, addressed to the occupant of the property, or to the party who is locally in charge.

Property may be rented from month to month without a formal written agreement, or for a specified term under a written lease. Forms of leases vary according to the conditions.

St. Louis, Jan. 15 *190*7

James J. Smith

1363 Finney Ave.

Kindly allow bearer to inspect premises occupied by you, and by so doing oblige,

Very truly yours,

MISSISSIPPI VALLEY TRUST CO.,

By R. S. J.

FIG. 262. – PERMISSION TO INSPECT PROPERTY.

NEW TENANT. Jan. 15 1907.

Name James J. Smith

Property Rented 2749 Warren St.

Owner of Property Mrs. Mary Jones

Former Location

Lease From 1/15/07 to 1/15/09

Business Address 354 Third St.

Collect Rent at do.

Rent, $35.00 per Month

Rent Begins 1/15/07

Paid $35.00

FIG. 263. – MEMORANDUM OF NEW TENANT.

REMOVAL. Jan. 15 1907

Name Wallace R. Want

Property 548 Radway St.

Owner Burt R. Jones

Moved to Peoria, Ill.

Rent per Month $25.00

Amount delinquent, $25.00

FIG. 264. – REMOVAL MEMORANDUM.

The employee who rents a property hands in for the use of the bookkeeper a memorandum like that in Figure 263. In case of a removal, he uses the form shown in Figure 264.

Ordinary blank forms answer the purpose for receipts for rent, but it is more convenient to have a special form such as that shown with stub in Figure 265. Whenever possible, it is well to get the tenant into the habit of calling at the company's office to pay his rent. Many tenants are willing to do this regularly; thus saving the company the trouble

J. T. Johnson
3141 Randall St.
3/1
3/31
$20.00
Paid
Paid

ALL RENTS PAYABLE MONTHLY IN ADVANCE.
MISSISSIPPI VALLEY TRUST CO.
FOURTH AND PINE STS.
REAL ESTATE DEPARTMENT.

ST. LOUIS Apl. 5 – 1906
Received of J. T. Johnson
Twenty Dollars. $20.00
Rent of House No. 3141 Randall St.
For One Month, Ending March 31 1906
PAID Apl. 5 – 1906.
MISSISSIPPI VALLEY TRUST COMPANY,
Per George Smith
REAL ESTATE DEPARTMENT.

FIG. 265.—RECEIPT FOR RENT.

and expense of a special trip for collection, besides bringing them in closer touch with the company, so that they are apt to become customers of the other departments. If it is necessary to send notices of rent due, a form like that shown in Figure 266 is mailed several days before the rent is due. When the rent is delinquent, a notice like that in Figure 267 will often obviate the necessity of legal action.

The law requires monthly tenants to give one month's notice in writing before rent day on vacating premises.

ALL RENTS PAYABLE MONTHLY IN ADVANCE.

J. T. Johnson

The rent of the Premises 3141 Randall St.

for the month ending March 31, 1906

will be due March 1, 1906 *at*

REAL ESTATE DEPARTMENT

MISSISSIPPI VALLEY TRUST COMPANY

N. W. COR. 4TH AND PINE STREETS, ST. LOUIS.

Please remit the amount, $20.00 *promptly on that date.*

REQUESTS FOR REPAIRS SHOULD BE MADE IN WRITING.

FIG. 266.—RENT NOTICE.

Repairs or supplies for buildings in charge of the department are ordered upon written requisitions like that shown in Figure 268, of which carbon copies are retained by the company.

Figure 269 shows a loose-leaf form used to list properties in charge of the department.

The left-hand page of a "Rent roll book," permanently bound, is shown in Figure 270. The record is continued on the right-hand page of the book, the columns of which are headed with the names of the months from March to December, inclusive. This answers the double purpose of a rent book and a list of properties handled for each landlord.

THE GUARDIAN SAVINGS & TRUST CO.,
REAL ESTATE DEPARTMENT.

CLEVELAND, O., March 13 1907

Mr. John Smith
777 John St.

PLEASE TAKE NOTICE THAT YOU MUST PAY YOUR DELINQUENT RENT AT THIS OFFICE OR SURRENDER POSSESSION OF PREMISES AT 777 John St. IMMEDIATELY.

YOUR NON-COMPLIANCE HEREWITH WILL NECESSITATE OUR BRINGING ACTION TO SECURE POSSESSION.

THE GUARDIAN SAVINGS & TRUST CO.

1000 2-06. BY X. Z.

FIG. 267.—NOTICE OF DELINQUENT RENT.

THIS REQUISITION MUST BE ATTACHED TO BILL.

No. 902 St. Louis, Mo. Jan. 15 1907

MISSISSIPPI VALLEY TRUST CO.
REAL ESTATE DEPARTMENT.

TO Brown and Co.

Please deliver 15 M Redwood shingles, best grade, at # 1036 Rann St.

and charge to account of

APPROVED: John Doe

MISSISSIPPI VALLEY TRUST CO. Agt.

Real Estate Department.

FIG. 268.—REQUISITION FOR SUPPLIES OR REPAIRS.

COMMONWEALTH TRUST COMPANY, ST. LOUIS.
REAL ESTATE DEPARTMENT.

PROPERTY OF Mrs. Susan H. Dennis IN OUR CHARGE

957 Arlington St.	15	Clement Scott	
2960 Pierre St.	25	Abraham Nellie	

FIG. 269.—LIST OF PROPERTY.

Forms for the record of insurance and taxes on real estate held in the trust department have been shown in Figures 74,§ 75, 76, 77 and 78.†† Other forms for such records are shown in Figures 271 and 272.

Figure 273 shows a statement of rents collected. The sheets are arranged in a loose-leaf binder with a duplicate form underneath, so that when the sheet is torn out to send to the customer, a copy of the statement in permanent form is retained.

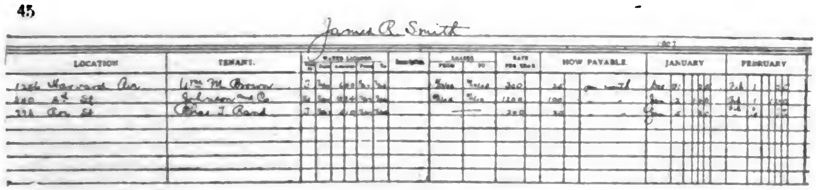


FIG. 270.—RENT-ROLL BOOK.
(Width of page, 18 inches.)

The Tickler or Maturity Index of this department does not differ in principle from those of other departments already described. Either cards or bound books are used, according to preference.

The methods of accounting for this department vary according to the extent of the business, and the tastes of the officers. The general methods already described¶ for the estates division of the trust department are for the most part adapted to the use of this department. Original entries

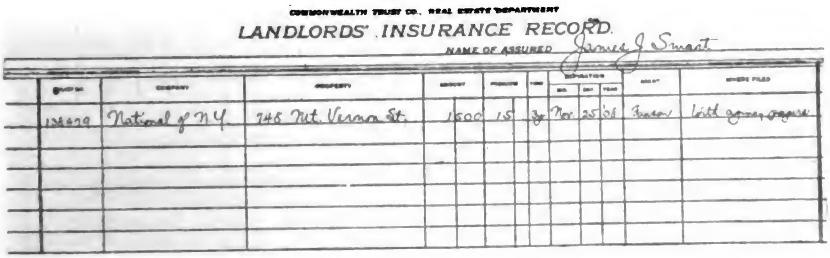


FIG. 271.—INSURANCE RECORD.

may be made upon debit and credit tickets, such as have been shown in Figures 158 and 159,** and from them entered in the journal, or may be entered at once in an ordinary cash-book. For a journal, the form shown in Figure 274 is convenient. The names of the accounts are entered in the middle column, descriptions of items at the sides. The ledger

§ The Bankers' Magazine, January, 1906, p. 31.

†† Id. February, 1906, pp. 249, 250.

¶ The Bankers' Magazine, October, 1905; January, 1906; February, 1906.

** The Bankers' Magazine, July, 1906, pp. 45 and 46.

COMMONWEALTH TRUST COMPANY, ST. LOUIS.
TRUST DEPARTMENT.

NAME ____________________

DESCRIPTION OF PROPERTY ASSESSED FOR TAXATION.

ADDRESS ____________________

LINE NO.	BLOCK	STREET	FEET FRONT	FEET DEEP	ADDITION	BLOCK	LOT	ACRES	BOUNDARIES				LINE NO.	REMARKS
									NORTH	EAST	SOUTH	WEST		
1													1	
2													2	
3													3	
4													4	
5													5	
6													6	
7													7	
8													8	

TAXES PAID BY THE COMMONWEALTH TRUST COMPANY.

LINE NO.	YEAR 19___			YEAR 19___			YEAR 19___			YEAR 19___			YEAR 19___			LINE NO.	REMARKS
	ASSESSMENT	GENERAL TAXES	SPRINKLING TAXES	ASSESSMENT	GENERAL TAXES	SPRINKLING TAXES	ASSESSMENT	GENERAL TAXES	SPRINKLING TAXES	ASSESSMENT	GENERAL TAXES	SPRINKLING TAXES	ASSESSMENT	GENERAL TAXES	SPRINKLING TAXES		
1																1	
2																2	
3																3	
4																4	
5																5	
6																6	
7																7	
8																8	

FIG. 272.—TAX RECORD.

forms shown in Figures 16 and 17*** are convenient for accounts in this department. Ordinary ledger forms are also used.

Forms of rent books have been shown in Figures 70, 71, 72,**** and in Figure 270 on page 551. Another form is shown in Figure 275. The

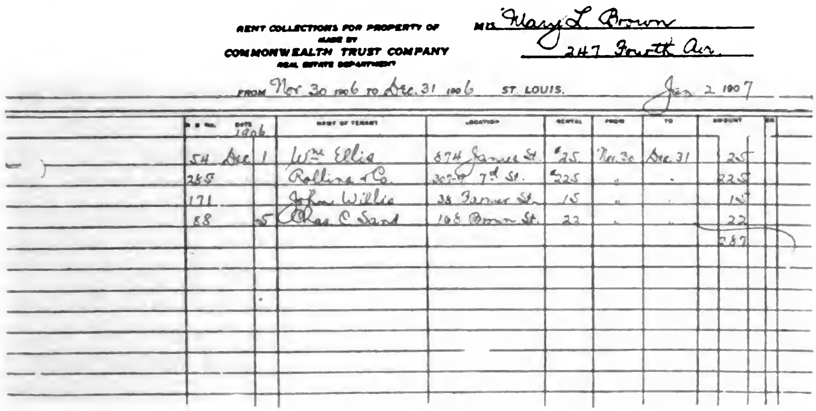


FIG. 273.—STATEMENT OF RENTS COLLECTED.

403

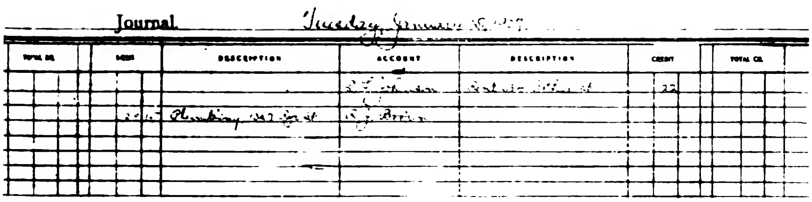


FIG. 274.—JOURNAL.

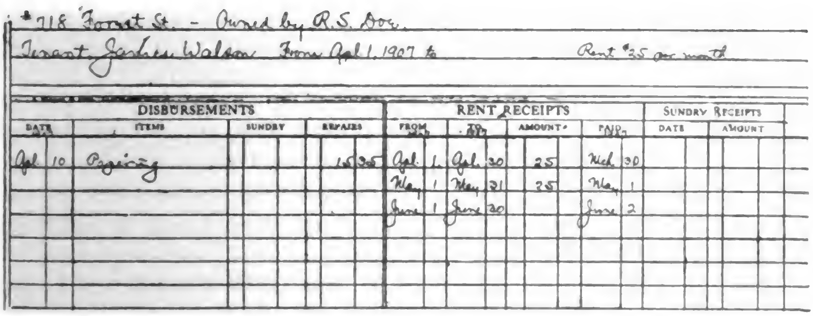


FIG. 275.—RENT BOOK.

top of the page being blank, such memoranda may be entered as the bookkeeper or officer in charge prefers.

(To be continued.)

*** The Bankers' Magazine, October, 1905, p. 492.
**** The Bankers' Magazine, January, 1906, pp. 36-38.

HOME TRUSTS.

BY GEORGE J. BAYLES.

THE American people are still a people of homes, although many destructive social forces are in operation to injure our homes.

The owning of a home is one of the ambitions of a normal man or woman, and there are many financial agencies such as the building and loan associations, whose aid can be sought in the struggle to acquire a home. After, however, a home has been secured with many men and women there remains the life-long struggle to preserve it, and in this effort there are not the same aids at hand. Of course the danger of the loss of the home arises from the fact that as a piece of property it is kept as a part of the estate of the owner and subject to all the changes of the owner's financial career.

Now, there is an ancient institution of our Anglo-Saxon law which is coming to be used with most satisfactory results for the preservation of our homes; and whose greater use can, the writer believes, be wisely developed in those of our communities where homes of moderate value are numerous. I refer to the trust, in the very best sense of that much-abused term. It would seem to be high time to give this originally respectable institution of our law an opportunity to vindicate itself and to live down its bad reputation.

Let us consider briefly what a home trust may be and what can be accomplished by its use as proved from concrete cases. Under a carefully drawn deed of trust, property—real or personal, or both—can be given to a trustee for the express purpose of providing a home for one or more individuals. The legal title to such property vests in the trustee, while the whole beneficial use belongs to the beneficiaries of the trust. The fund or corpus of such a trust need not of necessity be all provided at one time, but may be begun with a small amount, perhaps not sufficient for the purposes of the trust, and be supplemented to any extent. Real property, such as a house and lot, may be put in trust and also personal property, such as money, shares of stock, bonds or policies of life insurance.

Now, by the terms of the deed of trust such a fund can be used only for the purpose of maintaining a home. If the trust fund is kept as money it must be invested and the income applied to the payment of rent. If real property is so put in trust it must be used as a home, or rented and the income so derived applied to the maintenance of a home elsewhere. Discretion is given to the trustee, acting for the best interests of the beneficiaries, from time to time as need arises to change the character of the trust fund from real property to personal property and vice-versa.

If the makers are solvent at the time the trust is created, and do not make the trust with any intention of defrauding their creditors, the property so placed in trust is cut out of their estates, and is not thereafter affected by their future liabilities.

When we come to consider a proper trustee to carry out the provisions of a home trust such as I have tried to describe, I think there can be no question that a well managed trust company has every advantage over an individual trustee. A trust company has by its charter a length of life sufficient to execute any home trust that can be committed to it; while it has the facilities of business organization to administer such a trust faithfully, accurately and to the greatest advantage. The care of such trust would be a burden to an individual trustee, while it would be merely a matter of business routine to the modern trust company. In the matter of useful information as to real estate or the investment of funds in sound securities the trust company, as a rule, has a decided advantage over the individual trustee unless his opportunities are exceptional.

With a number of such trusts to manage, a trust company could undertake the execution of home trusts at a rate of compensation that would not pay the individual trustee. For considerable periods the duties of a home trustee would be very light, and something less than the fees allowed to trustees by law might be possible. Furthermore, the makers and the beneficiaries of such trusts and their friends would constitute a valuable clientage for any trust company to be developed for its banking business.

Now, what would be the advantages of such a home trust to the average family? In this connection it may be said that of all the property a may may possess the greatest moral profit, and the least financial profit, is expected from the home. This is the one piece of property which must be safeguarded at all costs, while any appreciation of value is a secondary consideration. The common practice of vesting the title of home property in the wife has some disadvantages, too well known to need description. What is of prime importance to the average family man or woman is not the technical legal ownership of the home, but absolute security in its possession and enjoyment. Of course, there is a limit to the possible duration of such a home trust, but at least two generations can be cared for, and can this be said of property placed in a wife's name?

The termination of a home trust will show real property or securities free and clear of all trust after having served its purpose to be used again in like manner if desired.

The luxury of a home trust will of course involve a slight additional expense, but such expense is but the cost of home insurance in the truest sense of that phrase.

NEW YORK TRUST COMPANIES.

SOMETHING of the notable activity manifested in 1902 in the organization of trust companies distinguished the past year, according to the recent report of Hon. Charles H. Keep, Superintendent of the Banking Department of the State of New York. During that time fewer institutions than usual also ceased to do business. The Holland Trust Company in New York, which had had no deposits for a long time, and had been liquidating its affairs through its own organization, was put into the hands of a receiver, with its own assent, and so disappeared from the list. The Chautauqua County Trust Company at Jamestown—which did not hold a single trust, and had always done simply a banking business—was converted into a national bank. Otherwise there were no changes in the old companies except that the Real Estate Trust Company changed its name to the Fulton Trust Company. Changes in capital were as follows: The increases in capital were: The Knickerbocker Trust Company of New York from $1,000,000 to $1,200,000; the Franklin Trust Company of Brooklyn $1,000,000 to $1,500,000; the Albany Trust Company from $300,000 to $400,000; the Lincoln Trust Company of New York from $500,000 to $1,000,000; and the Utica Trust and Deposit Company from $200,000 to $400,000, though this last increase was not paid in in time to appear in the company's January report. In each case the new stock was issued at a premium, and the surplus of the institution thus considerably increased. At the present time the New Rochelle Trust Company is taking steps to double its capital of $100,000. The only decrease of capital during the year was by the Bowling Green Trust Company of New York, which reduced from $2,500,000 to $1,000,000, but without diminishing its surplus. The Commonwealth Trust Company in New York, which has taken no new business since it was so severely crippled by its operations in the disastrous Shipbuilding venture of four or five years ago, has reduced its capital since the first of January from $500,000 to $250,000—such procedure appearing to be essential to the protection of its remaining assets, and not in any way impairing the liability of its stockholders as to possible obligations previously incurred.

The trust companies authorized during the year 1906 were:

NAME.	Location.	Capital.	Paid in surplus.
Rockland County Trust Company...	Nyack	$100,000	$25,000
Citizens' Trust Company...........	Fredonia ...	100,000	25,000
Hudson Trust Company.............	New York..	1,000,000	None
Auburn Trust Company.............	Auburn	150,000	150,000
Commercial Trust Company.........	New York..	500,000	250,000
New Netherlands Trust Company...	New York..	1,000,000	None
Carnegie Trust Company...........	New York..	1,000,000	500,000

The aggregate net increase in capital of the trust companies for the year was actually $3,100,000, though some of it had not been paid in at the date of the January reports, and two companies which had been authorized did not report.

Of the new companies, the Citizens of Fredonia was organized by the same interests which had been conducting the Citizens State Bank at Fredonia—the latter institution going into liquidation; the Hudson Trust Company similarly took the place of a national bank; and the New Netherlands Trust Company has changed its corporate title to the Astor Trust Company. The Carnegie Trust Company was chartered by a special act of the Legislature in 1898 as the Security Assurance Company, but never did any business under that name except to organize. Its name was changed in 1906, and it opened its doors for business on the second day of January, 1907.

Notices of intention are now on file in the Banking Department for the organization of six trust companies, viz.: The Irving, the Atlas, the Interboro and the International, in New York; the Lockport at Lockport, and the Watertown at Watertown. Propositions for yet further organizations of this character are tentatively before the Superintendent, but no formal steps have been taken.

The variations in the total resources of the trust companies as of the dates of their several reports during the year 1906 were remarkably narrow. The total for the reports as of January first, 1907, while fifty-three million dollars larger than for the corresponding date in the previous year, differs by barely more than a million dollars from that in January, 1905.

But though the gain in resources has been inconsequential, other conditions are markedly improved. The cash holdings of the companies have increased more than thirty million dollars, the deposits with banks nearly eleven millions, surplus on book values nearly fifteen millions, and on market values ten and a half millions, and gross earnings almost seven and three-quarters millions, with a gain of five and three-quarters millions in net. Depreciation and losses were disregarded in making this last comparison, as those items are not available for the year 1905. The surplus calculated upon the market value of investments, which stood to capital in 1906 as 255.5+ to 100, now stands as 267.4+ to 100, and this notwithstanding a considerable decline in market quotations of securities, as a result of which the companies charged off during the year more than five million dollars. The percentage of deposits on which interest is paid to total deposits declined from 94+ to 92¾, and the percentage of interest paid to gross earnings for the year was 42.9 per cent. as against 47.5 per cent. in 1905. Dividends paid exceeded those for the preceding year by $1,432,778, the addition to book surplus was $14,-830,270, and earnings in excess of interest payments, dividend disbursements and expenses were $16,729,270, as compared with $12,338,223 in 1905. Of the whole expense charge of the companies 69.16 per cent. was for interest paid on deposits. Assuming that the deposits reported in January as receiving interest had been the same throughout the year, the average rate paid would be .03187+, while upon the same basis of calculation a year ago it would have been .03215+. The high rates which loans commanded during a considerable part of the year may be an excuse for such a high rate of interest paid to depositors, but the practice shown is not to be commended.

UNITED STATES TRUST COMPANY, WASHINGTON, D. C.

THIS company is being organized with a capital of $1,000,000, and has fitted up offices at 611 Fourteenth Street N. W. That there is a field for the new company is evidenced by the following statement, taken from the prospectus:

"Three trust companies were doing a profitable business in the District of Columbia in 1895, when the financial resources of the District amounted to only $26,000,000. In September, 1906, they amounted to over $81,000,000; having increased $55,000,000 in the short period of eleven years. During the same time the population of the District has increased over seventy thousand. There has been but one trust company organized in Washington since 1891, a period of fifteen years, during which time the assessed value of the taxable real estate has increased nearly $100,000,000. The four existing trust companies had combined resources on September 4, 1906, of nearly $81,000,000."

Trust companies in the District of Columbia are under the supervision of the Comptroller of the Currency, the same as national banks.

D. N. Morgan, former Treasurer of the United States, will be president of the United States Trust Company. In addition to the financial experience gained in his four years' service as Treasurer, Mr. Morgan has the advantage of extensive banking experience, having been for fourteen and one-half years, prior to June 1, 1893, president of the City National Bank, Bridgeport, Conn. He is still comparatively young, and is an active business man.

The incorporators, headed by C. J. Rixey, vice-president of the Traders' National Bank of Washington, include a number of men identified with other banks.

SOUTH AMERICAN REPRESENTATIVE.

AN American gentleman who has been intimately associated with Latin-Americans for many years, and who is well versed in their language, customs, business methods, etc., will shortly make an extended tour throughout South America in the interests of the BANKERS' MAGAZINE.

His credentials will place him among the leading financiers, government officials and men of affairs in the various countries.

By communicating with the Editor arrangements may be made whereby this gentleman's services may be enlisted for the purpose of establishing business connections, investigating certain opportunities or in attending to other matters along similar lines.

BANK ACCEPTANCES.

AN important and valuable contribution to American banking literature has been made by Mr. Paul Warburg of the well-known banking-house of Kuhn, Loeb & Co. Mr. Warburg's paper was originally published in the Annual Financial Review, issued by the "New York Times," and has been reprinted in pamphlet form. As will be seen from the quotation given below, Mr. Warburg deals with the problem of finding a wider use for American commercial paper. He says:

"It is a strange fact that, while in the development of all other commercial phenomena the United States has been foremost, the country should have progressed to so slight an extent in the form of its commercial paper. The United States is in fact at about the same point that had been reached by Europe at the time of the Medicis, and by Asia, in all likelihood, at the time of Hammurabi. Most of the paper taken by the American banks still consists of simple promissory notes, which rest only on the credit of the merchant who makes the notes, and which are kept until maturity by the bank or corporation that discounts them. If rediscounted at all, they are generally passed on without indorsement, and the possibility of selling any note depends on the chance of finding another bank which may be willing to give the credit. The consequence is that, while in Europe the liquid assets of the banks consist chiefly of bills receivable, long and short, which thus constitute their quickest assets, the American bank capital invested in commercial notes is virtually immobilized.

In Europe—as for instance in England, France, or Germany—there are scores of banks and private banking firms which give their three-months' acceptance for the commercial requirements of trade, or which make it their specific business to indorse commercial bills. A commercial borrower in these countries who does not get a cash advance will do one of two things. He will either sell to his bank or his broker his own three months' bill drawn on a banking firm willing to give him this credit, or he will sell the bills drawn by him on his customer (in payment for goods sold to them), which bills will be subsequently passed on with the indorsement of the banker. This banker's acceptance, or this indorsed paper, can be readily negotiated by the buyer at any time whenever there is a profit to be derived, or whenever the holder desires to realize on the bill. The holder will always be able to dispose of it, either through private discounting or, in case of need, by selling, as the case may be, to the Bank of England, the Banque de France, or the German Reichsbank. In any event, the firm or corporation which buys this paper can secure its equivalent at any time. The quality of the bills, assured by the established credit of the acceptor or by the various indorsements on the bill, is such as practically to eliminate the question of credit, and the conditions of the sale will depend only on the rate of interest.

The value of the existence of thousands of millions of such standard paper, as it is found in all the important European financial centres, cannot be sufficiently emphasized. Just as the check system is a method of clearing bank cash credits, thus helping largely to prevent unnecessary absorption of the currency, so modern commercial paper, through the additional safety which is secured by the banker's indorsement, acts in like manner as a clearing of credits on time not only within the community. but, what is just as important, among the various nations as well.

If money tightens in Europe, let us say in Germany, France and England will immediately invest in German bills. They could not buy the paper of individual German merchants, whom they do not know, but they do and must know the value of the acceptance or indorsement of the German banks which offer and indorse or accept this paper.

By a well organized system of such bills of exchange the credit of the whole nation—that is, of the farmer, merchant, and manufacturer—is thus joined to that of the banker and becomes available as a means of exchange both within and without the country.

Under present conditions in the United States, on the other hand, instead of sending an army, we send each soldier to fight alone.

With us the borrower receives money from the bank and his note becomes an illiquid asset in the bank's portfolio. If the bank desires to raise money, it must use its own credit, instead of adding its own credit to that of the borrower, thus making the dead note a live instrument of exchange. The only modern bills in our country are the so-called "foreign exchange" bills, drawn on European banks and bankers, which are indorsed and which always have a ready market.

But what an anomalous position! Instead of having the credit of the entire country available in the shape of millions upon millions of modern paper which Europe might and would buy, we must rely on the willingness and the ability of a few banks and bankers to use their own credit by drawing their own long bills on Europe. This is a costly and most unscientific mode of procedure, which is in no way adequate to the necessities of the situation. For there is, as a matter of course, a limit to the amount which the American banker can draw and which the European banker will and can accept.

Recent events have shown the inefficiency of this system. In spite of unwise provocation the Government banks of Europe would not and could not have made a stand against us (as they have done during these past few months by raising their rates of discount and by discriminating against our so-called finance paper) had we been able to send our legitimate commercial paper instead of forcing the banks and bankers to draw their own bills. These bills, it is true, indirectly help commerce, for a bank which requires money in order to accommodate its merchant customers will call its stock exchange loans, while bills drawn against stock exchange collateral will in turn provide the money that has thus been called.

But such bills must inevitably bear a financial character, and will not be regarded as favorably as would be commercial paper. Moreover, since the drawers and, to an even greater extent, the European acceptors, are comparatively few, the European banks must at times feel that they are getting too large an amount of paper drawn on and indorsed by the same firms. As these bills, drawn, as the case may be, in pounds, francs, or marks, sell normally at the same rate of private discount as all the other long bills in the country, the European banks find no particular inducement to purchase them. When, therefore, there is an excessive amount of these American bills offered, the consequence is discrimination, and, what is worse—owing to the financial aspect of the bills—a feeling of uneasiness and distrust.

If instead of this unfortunate method of financing we could offer American paper drawn in dollars, showing its commercial origin and indorsed by and drawn on American banks or banking firms, we would vastly multiply the avenues leading into the portfolios of the European banks, and our bills would be well spread instead of going into a few channels which can so easily be closed. We should create a new and most powerful medium of international exchange—a new defense against gold shipments. This is no visionary theory. In view of the fact that a great many millions of even Russian bills are constantly held by French, English, and German banks, institutions and capitalists, there is no reason whatsoever to doubt that these same avenues could be readily opened to American paper.

In order thus to make our paper part and parcel of the means of the world's international exchange, it needs, however, as a preliminary condition, to become the foundation on which our own financial edifice is erected. It must always have a ready home market, where it can be rediscounted at any moment. This is insured in nearly every country of the world claiming a modern financial organization by the existence of some kind of a central bank, ready at all times to rediscount the legitimate paper of the general banks. Not only England, France, and Germany have adopted such a system, but all the minor European States as well—and even reactionary Russia—have gradually accepted it. In fact, Japan without such an organization could not have weathered the storm through which she has recently passed, and could not have achieved the commercial success which she now enjoys.

Our methods are just the reverse of the European system. With us call money does not go into the bill market. Every American bank, since it cannot count on reselling the notes which it buys, must necessarily limit the amount which it can properly invest in American paper, and as a consequence almost all the call money is invested in demand loans on the Stock Exchange. The result of this is that the overflow of money of the entire country, from the Atlantic to the Pacific, is thrown into the Stock Exchange, making Stock Exchange money easy and stimulating speculation when trade is relaxing, while on the other hand, as soon as demand for money for commerce and industry increases, the funds to provide for the needs of the whole country are called from the Stock Exchange, causing a disturbance there.

Our whole elasticity is built up on the bond and stock market. Banks can issue notes on Government bonds, and call money is kept in Stock Exchange loans. In Europe the situation is reversed; banks issue notes primarily against their purchases of bills of exchange, and the reserves of the country are primarily kept in bills of exchange.

In Europe banks and bankers invest against their deposits chiefly in bills of exchange, short and long, and only to a comparatively small extent in fortnightly or monthly settlement money on the Stock Exchange or in call loans on Stock Exchange collateral. If call money becomes easier, it is in the first instance the rate for short and long bills that goes down, and since this rate is practically the same all over the country, a withdrawal or an influx of money, instead of being felt primarily by the Stock Exchange, is borne equally by thousands of millions, the grand total of all money invested in such bills being a great many times larger than the comparatively small amount employed in Stock Exchange loans. It is like throwing a pebble into a pond; the ripples will slowly spread in concentric circles, until in the end they are scarcely perceptible. With us it is like casting a stone into a small basin, the entire surface is suddenly and violently agitated for a short time.

The Workings of a Central Bank.

To explain briefly the workings of a European central bank, to show how little political power need attach to it and how little it interferes and need interfere with the business of the general banks (except to act as a general brake on the market, if it overextends, and to provide for the needs of the country, as long as they are legitimate) it may be well to say a few words about the German Reichsbank, admittedly the most perfect organization of its kind.

The capital stock of the German Reichsbank is owned partly by the Government and partly by the public. The Reichsbank has a central board in Berlin, consisting of the foremost men in financial and commercial circles. The president of the bank is a salaried officer, a trained banker (no politician) who retains his position irrespective of the party in power, like the president of any private bank who remains in office as long as he does his work well. The Reichsbank has its branches in every important town similar to our central reserve and reserve cities. Each bank has its own board of directors, consisting of ten or twenty men, representing the best financial and commercial men in the locality, while each branch has its own salaried president, responsible to the board. The chief duty of the bank, leaving all other details not bearing upon our subject aside, is to buy at the published bank rate legitimate paper, which must bear the acceptance or indorsement of at least two well-known banks or bankers. This bars the Reichsbank from doing a general commercial business, and converts it practically into a bank for the other banks.

Moreover, the published rate of the Reichsbank is, as a rule, between one-half of one to one per cent. higher than the private discount rate at which the other banks buy paper. Since, however, the central bank has branches in every town, the banks use it chiefly in the normal course of events for the collection of bills throughout the entire country as they fall due. The bank has its established rules for such collections, deducting at its published rate from five to ten days' interest, according to the distance of the towns on which the bills are drawn, but not charging any commission.

According to this system, for instance, a Hamburg bank, owning a bill on Munich, would sell the bill five days before it falls due to the Reichsbank, simply rediscounting the last five days at the bank rate. A Munich bank having a bill on a Hamburg bank would do the same, both getting the money immediately, while the Reichsbank, as the general clearing-house, would simply transfer on its books the credits of the one branch to those of the other. Through a system of this kind it is possible to avoid the constant remittance of cash and the locking up of money by the banks. The advantages that a system of this kind would bring to the United States are obvious.

When money tightens in Germany the banks rediscount through the Reichsbank their short bills which have a little more than five days to run, and as the private discount rate throughout the country rises, the bills that the banks rediscount will gradually be longer and longer. While this process is in progress, the private discount rate and the bank rate will be approaching each other. If rates are comparatively low, the general tendency of the Reichsbank will be to advance its rate, so as not to be forced to put out too large an amount of notes issued in payment for the bills. For, as is well known, the bank is compelled to pay a tax when its note circulation exceeds a certain limit. After a normal amount of its notes is out, the Reichsbank will, therefore, tend to keep its rate well above that of the ordinary banks until the rate of interest received in discounting paper is high enough to indemnify the Reichsbank for the payment of the tax.

As a consequence the Reichsbank, as a rule, keeps its rate high enough to leave to the ordinary banks the general business and the fixing of the rates at which this business is conducted; by raising its rate or by lowering it, however, the Reichsbank indicates the general trend and exerts a moral and practical influence on the tendency of the banks to extend or restrict business. If money is low in Germany and high in other countries, with a natural consequence that German capital would leave the country, and gold as a result be exported, the Reichsbank will work for a higher rate of interest as a precautionary measure, and the general banks will, as a rule, follow the Reichsbank's lead.

In the opposite case, however, when money is becoming very scarce in Germany, there is no fear at any time of a money squeeze, as the Reichsbank, on paying the tax, can issue a virtually unlimited amount of notes as long as safe and legitimate paper is offered for discount. In times of very high money the Reichsbank will at a certain point cease to keep its own rate above the private discount rate of the banks, and at such times the ordinary banks will often rediscount with the Reichsbank not only the short bills, but even the long ones. Thus the duties of the Reichsbank are, on the one hand, to counteract the influence of too abundant a money supply, and on the other hand, to furnish at legitimate rates all the money that the country legitimately may require.

It should be added here that the Reichsbank also makes loans on collateral. There is, however, a fixed rate for this, namely one per cent. above the bank rate. This is, as a rule, a much higher rate than that at which the general banks will furnish the money, and in addition there exist very strict regulations as to the kind of securities on which the Reichsbank is permitted to advance money and as to the percentage of the market value of the securities which it may loan. Since these rules are much more rigid than those of the general banks, nobody would under normal circumstances apply to the Reichsbank for a loan on collateral. When money becomes scarce, however, the banks or the bankers can always count on the Reichsbank to fall back upon, and in case of a crisis this is readily done.

The ability of the Reichsbank to advance against securities is, however, of minor importance as compared with the fact that the existence of such an institution forms the foundation on which is erected the whole system of financing the business interests of the Empire on bills; for this results in an elastic system, expanding and contracting, according to the requirements of trade and industry.

Reason, as well as the experience of all other nations, tells us that we in the United States should attempt to reorganize our present system of issuing and handling commercial bills, in order to create the basis necessary for a modern system of currency and finance. Not only, however, should we endeavor to make such bills the medium of equalizing the daily demand for and supply of money, but we should also by all means try to break with the other system, which makes call loans on stock exchange collateral serve for this purpose."

AMBASSADOR BRYCE ON COMMERCE.

HON. JAMES BRYCE, the British Ambassador, was given a reception by the Chamber of Commerce of the State of New York on March 26. In the course of his address, replying to the addresses of welcome, he said:

"You do business here, gentlemen, in a very bold and dashing way. You have now become one of the two greatest financial centres of the world. But that suggests another reflection.

Trade must, under modern conditions, go on as it goes on in such a country as this. Oscillations in trade, oscillations in stock securities—they are as inevitable as changes in the temperature and changes in the barometer in our atmosphere. All that we can do is to meet them with serenity. All that we can do is to know—and happily you can know that—that they do not necessarily represent any decline in the conditions which make for real prosperity. I venture to believe, although I speak it with great diffidence to an audience who know far more about these things than I could possibly claim to know—I do believe that those oscillations which occasionally occur here, and I might say the same in a less degree about the similar oscillations which occur in England, do not affect the permanent prosperity and the stability of great undertakings or of commerce at home.

They do not, I believe, reveal anything that is unsound in the material condition of the country. So far as I can venture to form an opinion, the industries and the commerce of the whole continent, of the United States and of Canada also, which is advancing with rapid strides, are in a state of stable and assured prosperity. No contingency can arise which your trade in general is not fit to grapple with, and with your practically inexhaustible natural resources and with the energy and capacity of your people it could not be otherwise.

This is ground for satisfaction, gentlemen, to all of us in England as I think it will be to all of you here in America; and I rejoice, not less as an Englishman than as a friend and lover of America—a friend and a lover of America, whose admiration for your country has been strengthened and deepened by every year since I first touched your shores—I rejoice that I can look forward with confidence to a long future of prosperity for you, of constantly expanding commerce accompanied by the constantly increasing welfare and happiness of the masses of your people."

SAVINGS BANKS

NEW YORK SAVINGS BANKS.

CHARLES H. KEEP, the new Superintendent of the Banking Department of the State of New York, recently issued his annual report on the savings banks and trust companies of the state.

One hundred and thirty-five savings banks reported on January 1, an increase of five for the year. The new banks authorized are: Bronx Savings Bank, State Savings Bank, Amsterdam Savings Bank, New York; Sumner Savings Bank and Home Savings Bank, Brooklyn; People's Savings Bank, New Rochelle.

The savings banks again lead the trust companies in the amount of resources, the excess being just under one hundred million dollars. The gain made by the savings banks during the year, while comparing but poorly with the record for 1905, yet surpasses all other years but one in the history of the system. In 1905 resources and the amount due depositors increased almost equally, by nearly ninety-four million dollars, while in 1906 the gain in resources was $59,149,928.56, and in the amount due depositors $69,676,969.61. So great a discrepancy between these items has not occurred in years. It is due in large part to the declining market value during the year in the high grade bonds which are legal investments for New York savings banks. It would require an undue expenditure of time and labor to determine the amount of this shrinkage accurately, but its extent is indicated in the statement that while the market value of the bonds held by the savings banks as reported in 1906 exceeded their par value by $27,480,842, such excess in January, 1907, was only $11,595,519. In this connection it should be borne in mind, however, that the savings banks do not hold their securities for speculative purposes at all, but, if satisfied as to their safety, purchase them solely with regard to income returns, which have not diminished at all, and that upon new investments, made at present prices, larger earnings are realized. In consequence of this higher income return on bonds and the higher interest rates now received on mortgages and on bank balances, all of the new savings banks are paying interest to their depositors at the rate of four per cent. per annum, while seven of the older institutions which in 1905 paid but three and a palf per cent. advanced the rate in 1906 to four, and seventeen others whose highest rate in 1905 had been three and a half per cent. paid four per cent. on at least a part of their deposits in 1906. A single bank slightly reduced its rate. The number of savings banks which last year paid four per cent. on all or a part of their deposits was seventy-six. Only two years ago, such number was but forty-six.

The record as to some of the items in the reports of the savings banks for 1905 and 1906 makes an interesting comparison and study:

	Gain in 1906 over 1905.	Gain in 1907 over 1906.
Gain in open accounts	126,244	116,030
Gain in resources	$93,807,399.67	$59,149,928.56
Gain in amount due depositors	93,775,724.70	69,676,969.61
Gain in market value surplus	980,658.37	*10,642,159.76
Gain in par value surplus	4,224,109.70	5,316,219.69
Gain in interest paid or credited	3,238,014.99	3,840,282.02
Gain in amount deposited during the year	51,116,525.95	19,306,912.52
Increase in amount withdrawn during the year	28,415,477.84	47,121,549.33
Gain in number of deposits received during the year	414,056	335,905
Increase in number of payments to depositors during the year	*37,909	176,506

The shrinkage in the market value surplus here shown corresponds to the discrepancy between the gain in resources and in the amount due depositors, hitherto noted, and is to be accounted for along like lines. The par value surplus of a savings bank, as calculated in these reports, is precisely what the phrase itself implies, and is not reached by the rule applicable in determining the amount of franchise tax which such an institution is required to pay. Thus, it is not modified by market conditions, and it not infrequently increases when the market value surplus decreases. The other striking items in the foregoing table are those indicating extraordinary activity in transactions and a very large increase in withdrawals. The withdrawals were undoubtedly stimulated by the opportunity which market prices for high-class securities afforded during the year for independent investment of funds to yield a higher return than deposits in savings banks bring, and also by the participation of depositors in real estate operations. It is known, indeed, that in July, last, millions were withdrawn, in New York and Brooklyn in particular, to meet commitments of this character that had been earlier made, and the movement continued until well into the autumn. From July first to October first the withdrawals from thirty-five of the largest savings banks in the boroughs of Manhattan and Brooklyn and in four or five up-state cities exceeded the deposits by $9,653,169.56. In the same institutions the withdrawals from July first to January first were but $8,666,789.03 more than the deposits, showing that this movement had not only been checked, but that the current had set strongly in the opposite direction.

Of the whole gain for the year in the amount due depositors $42,-734,186.66 was made from January to July, and $26,942,782.95 from

* Decrease.

July to January. These proportions correspond with the usual record in like respects for former years. The increase was composed of $22,-674,559.96 representing the excess of deposits over withdrawals and of $47.002,409.65 interest credited.

PERSONAL SECURITY LOANS.

IN Massahcusetts there has been some agitation recently of the subject of loans on personal security by savings banks. Most of the states provide for the investment for savings bank deposits in a manner that prohibits loans of this character. It is, of course, well understood that where personal loans are made with proper discrimination and where they are safely secured, there is no better means of employing the deposits of a savings bank or of any other kind of bank. But the fact that where banks are permitted to loan on this class of security they would be disposed to take more or less risk, has led the legislatures of most of the states to prohibit loans of this character. The day to day loans in Wall Street, it will be recalled, are personal loans, secured by collateral. The losses on loans of this character have been infinitesimal. It would not be possible, of course, for the savings banks, located as they are, nor would it be proper for them, to enter the call loan market; but the fact that loans are so made without negligible losses, at least proves that there is nothing in the contention that loans on personal security are unsafe, per se. But the savings bank loan laws are undoubtedly wise in not being willing to permit trustees of savings institutions to make loans on this class of security, since, in many cases it would require not only nice discrimination, but it would make it possible for the savings institutions to become entangled in commercial enterprises in a manner that would contain possibilities of disaster. The limitations of savings bank investments in a manner that restricts the earning capacity of those institutions, but conduces to absolute safety, is undoubtedly a wise one.

INSTALLMENT BUYING.

ONE of the most wasteful practices indulged in by wage earners is that of buying goods on the installment plan—particularly where these purchases represent, as they often do, things not really required. While installment buying is to be condemned especially for its tendency to lead people to purchase superfluities, it is by no means to be commended when applied to the purchase of apparent necessities—a term that is liable to become altogether too elastic under an artificial stimulus. The prices paid for goods bought on installments are always higher than where cash payments are required, and in many cases the prices charged are extortionate. Even in buying a home, the monthly payment plan is generally a costly one.

In most cases the best thing for a wage earner to do when he desires to add to his household equipment, or to buy a home, is to put by weekly a certain sum from his wages, depositing this amount regularly in a savings bank. Thus, in a comparatively short time, he will have accumulated the required sum, and will be able to reap the advantages which always accrue to the person ready to pay cash. And instead of paying interest, he will be receiving it while his money is accumulating in the savings bank.

Besides, by putting his earnings in a savings bank the wage earner, instead of having acquired the habit of extravagance which is fostered by the plan of buying on installments, will have learned the value of saving.

Installment buying is responsible for a vast amount of extravagance and waste, all of which might be prevented by the inculcation of habits of economy and thrift and the universal spread of savings bank facilities.

DEATH OF A WELL-KNOWN BANKER.

DR. SAMUEL MENDENHALL, for thirty years one of the most prominent citizens of Springfield, Ill., and president of the Farmers' National Bank of that city, died March 10.

Dr. Mendenhall was born at Berlin, Sangamon County, Ill., and was sixty-four years and five months old at the time of his death. He was the son of Thomas G. and Sarah Mendenhall, who were prominently known in the county. He attended the public schools and the Chicago University and graduated from Rush Medical College. He was appointed assistant surgeon in the navy during the civil war and received the rank of captain, serving on the gunboat Tyler during the last two years of the war. He received an honorable discharge and returned to Berlin, where he remained until the spring of 1867, when he formed a partnership with William T. Hughes and moved to Elkhart, where the firm opened a mercantile business and engaged in farming. It was on October 10, 1867, while residing in Elkhart that Dr. Mendenhall was married to Miss Mary L. Hughes, who survives him. In 1878 they came to Springfield, which has since been their home. After removing there Dr. Menhenhall engaged in the real estate mortgage loan business and continued to extend his farming interests which became extensive and required much of his attention. He was also interested in the organization of the Farmers' National Bank, and at the time of his death was the last surviving member of the original board of nine directors of that institution. Some time after the bank was organized Dr. Mendenhall was elected vice-president and at the death of the late Titus Sudduth he was made president, September 18, 1899, and served in that capacity for the past eight years.

MONEY AND BANKING IN CHINA.

AMERICANS sometimes complain of the diversity of their currency, and there is no doubt that two or three of the forms of money in circulation could be advantageously eliminated. But it is only by comparison with a really complex system that we are able to realize the simplicity of our currency system. Special Agent W. A. Graham Clark of the Department of Commerce and Labor, in a recent report, thus reviews financial affairs in North China, the various kinds of currency by which trade is conducted, and what the future prospects are for increased purchasing power of the people.

When both American and Russian banks in the Far East confess that the men of their own nations are not as yet sufficiently versed in the intricacies of the many systems employed to run their own banks, but have to engage Englishmen who are brought up on exchange tables, it is useless for an outsider to try to explain Eastern finances. I submit therefore simply a few practical facts that bear directly on the sale of American goods.

In the first place autocratically governed China is in some respects the most democratic country in the world and there is no centralization, no unity, and no uniformity. Each province, even each little town, is a law unto itself and uses its own language, weights, measures, etc. As regards money the confusion is the same and each province has its currency and the money of one province has an entirely different value from that of another. In the United States a mill is a financial fraction for which there is no coin equivalent. In China the tael is a financial unit for which there is no coin equivalent. There are several other financial values for which there are no coin, and only in copper are currency and coinage synonymous terms.

Basis of Weights and Measures—Mexican Dollars.

The word tael is used both as a measure of weight and as a measure of value. As a weight measure the tael corresponds to the American ounce in that it is one-sixteenth part of a Chinese pound or cattie. A cattie, however, is usually 1 1-3 pounds, so a Chinese ounce or tael is different from an English ounce. As a tael of currency the weight ranges from 540 to 583 grains. The tael of currency is decimally divided down to the sixteenth place of decimals, each with its own name, but usually only three places of decimals are used, and 10 cash=1 candarin, 10 candarin=1 mace, 10 mace=1 tael; thus Ts.1.256 can be read 1 tael, 2 mace, 5 candarins, and 6 cash.

Each province in China, also each city and many smaller towns, have a different tael of value, as the tael is supposed to be an ounce (Chinese) of silver, but there is no uniformity as to how many grains constitute this ounce, and the fineness of the silver also varies at each point.

The money chiefly used at the foreign ports of China is the Mexican silver dollar. There is an immense amount of these coins in circulation.

The notes issued by foreign banks in China, such as the International Banking Corporation, the Hongkong and Shanghai Bank, etc., for $5, $10, etc., all read "payable in local currency," that is, Mexican dollars. It seems strange that China should use money from Mexico when she has money of her own, but the value of the money in China varies so that the foreigners imported money for their own use of which they know the value, and so this became the currency of the ports.

At one time there was an attempt to substitute an American "trade" dollar, but the coin contained 420 grains instead of the 417.8 grains of the Mexican. This was supposed to gain the lead as currency on account of its superior weight and hence value, but the actual result was that, silver being at a premium, the Chinese melted these down as soon as received, so this experiment was a failure. Similar experiments with British and French trade dollars have also been failures.

Each province of China now issues silver dollars, but they are not interchangeable, and hence only local. In fact, each province charges a discount on money from any other province, which is the reason the interchangeable Mexican dollar is so popular. The Mexican dollar and the other coins are widely counterfeited, so that all money received in China has to be examined carefully. Compradors and native merchants frequently put their own chop or stamp on these dollars as a guarantee before passing them on.

Trouble with Money in Manchuria.

Money conditions in Manchuria are bad, due in great part to the fact that there is no one stable currency. At Kwanchengtze, for instance, there is the Kirin tael, the Kwanchengtze tael, the Kirin Province small coins, other provinces' small coins, the copper cash, the Mexican dollar, the Japanese gold yen, the Japanese war notes, the Russian rouble, etc., all with fluctuating values, not to mention the numerous counterfeits.

If the Japanese war notes had been backed by a gold reserve, as with other Japanese money, they would have furnished the best solution of the question; in fact, in the hands of the people, they were very popular until it was found that the Japanese would not give face value for them either in gold or silver. They have therefore been at a discount of three to twenty-four (or over) per cent. of their face value and have been the subject of much speculation and quite a considerable loss to the people.

The Russian rouble notes which were largely circulated were also the basis of much speculation, but there are no figures available as to the amount of these in circulation. They are not current at present south of Kwanchengtze, and it is interesting to note that at this point, within the Russian lines, the Japanese war note has a higher value than the Russian rouble. A Japanese war note, however, which is worth 56.31 cents gold at Newchwang is only worth 51.02 cents gold at Kwanchengtze.

In regard to foreign banks in Manchuria there are only two (though some Shanghai banks have merchants at Newchwang acting as agents), the Russo-Chinese Bank and the Yokohoma Specie Bank, both of which are really Government banks and have certain Government functions.

The Chinese Government Bank at Mukden is trying to replace the war notes of the Japanese by notes of their own issue. Seeing the popularity attained by the convenient small notes of the Japanese they are now issuing notes for small denominations based thereon. These notes are from ten cents up.

Chinese Bank and Business Disasters.

The great majority of the business in Manchuria passes through the hands of the native banks. These banks as a rule do not lend on stored goods nor very much on any securities, but keep their money in circulation in handling active trade. They are well organized and usually stand by each other, so that ordinarily failures are rare. A number suffered severely on account of the war and some of them speculated in war money with disastrous results. At Newchwang and at Mukden, as well as at other points, there are expected to be many failures by Chinese New Year, February 13.

According to a foreign bank at Newchwang, there are now only seventeen Chinese banks at Newchwang regarded as solvent, and of these none are in a very strong position, when there were fifty to sixty two years or less ago. Failures in 1906 up to November have aggregated about 1,700,000 taels at this one city. Shanghai bankers have withdrawn their usual facilities on account of the financial straits here, and this lack of banking facilities, together with the blockade of goods, militate against any holding of prices or early resumption of normal business.

General Purchasing Power.

There has been considerable discussion as to what has become of the millions left by the Russian and Japanese armies in the country, and if the people are, as frequently stated, in a more prosperous condition and have more money why this does not come out and relieve the present dullness by heavy buying of foreign goods. My impression, obtained from the Chinese direct, is that the northern section is much better off than the southern, and that while the people as a whole are better off, the amount of this increased prosperity that is in actual cash available for foreign purchases has been somewhat exaggerated.

The Russians seem to have been freer spenders than the Japanese, and paid higher prices for horses and for cooly and cart hire. The fact is sometimes overlooked that a very large quantity of money so earned went out of the country in 1905 for foreign goods. Most of the Chinese contractors, etc., were not Manchurians, but were nearly all from Shantung and Pechili provinces, and the money made by them went South and out of this country. While a great many people made money, others lost; and there was great destruction of property. As one man, himself a sufferer from the war, stated:

"Our farmers took their carts and went out to look for money, and returned to find the armies had passed in their absence and their roofs were gone, so in the long run they lost. Such men returning with $200 or $300 made hauling for the troops and not knowing when another army would be along buried this money and fled to the border country. Some have not yet returned, but those that have are spending what they saved in putting roofs on their houses and in putting in windowsash and in restocking their farms. They are spending as little on food and apparel as possible and making their old clothes last for another season."

At Mukden one reason for the present lack of buying was given by several merchants as dating as far back as the Boxer troubles, when the people lost a lot of property and the money made during the war just replaced what they lost.

One reason for less money in the south than in the north is that not only did the Japanese know better the usual prices for cooly hire, etc., and so pay less than the Russians, but that they brought their own coolies, and the money made by these coolies all went back to Japan, either direct or through the Japanese merchants that came with the army.

Purchasing Power in Northern Manchuria.

The northern section of the country made good money from the Russians and suffered much less from the effects of war ravages, but is not absorbing the great amount of cloth stocked up, so I inquired into this as fully as possible. On account of speculation on the part of merchants in Kirin Province, aided by the efforts of the Newchwang merchants, who last winter sent men here to offer special inducements to the merchants to buy and so relieve the congestion at Newchwang, much more cloth was pushed up into this province than could possibly be absorbed in any but a great boom year. In the spring the boom did not come and the people did not buy foreign goods in the quantity anticipated. A great deal of this money made by the people was for ponies sold to the Russians, and this money was spent in buying better teams from Mongolia. Others spent it in buying farms and wooded hills. A great many people went into the foot hills on the border of Mongolia where they could purchase land for one-fourth what they would have to pay around Kwanchengtze or Kirin. Both Japanese and Russians destroyed many houses simply to use the rafters, etc., as fuel during the severe cold weather, and the Chinese had to spend considerable to patch up their houses and get them in shape again.

I would say, therefore, that of the money spent by the armies a great deal was and is now being used to repair damage done by the armies, a large amount went into Mongolia to replace ponies bought by the armies, a good deal went out of the country during the boom in the spring of 1905 for foreign goods, contractors sent a lot to Shantung Province, and Japanese coolies and merchants to Japan, and what is left is being spent for additional fields and timbered land, besides a certain amount, which I think has been somewhat exaggerated, that is being hoarded by the people. The farmers have had prosperous crops, but with them the money comes hard, and is not spent freely as with the coolies, who made money easily.

The money that has been put into field and timbered land, into houses and stock, will hardly get to the merchants before next fall at least, and with the large stocks on hand in the interior there can not be any great boom in the spring of 1907. When the country has settled down more, the timber sold, and the new lands producing, transportation made quicker and cheaper, and the country better policed the trade will be larger than ever before, and 1908 should be a great trade year.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BANKER'S LIEN—CONSTRUCTION OF STATUTES.

IN RE GESAS; IN RE COMMERCIAL NATIONAL BANK OF ST. ANTHONY.

U. S. Circuit Court of Appeals, Ninth Circuit, June 27, 1906.

The Revised Statutes of Idaho of 1887, sec. 3448, provide that "a banker has a general lien, dependent on possession, upon all property in his hands, belonging to a customer, for the balance due him from such customer in the course of business." The United States Circuit Court of Appeals for the Ninth Circuit, in construing this statute, holds that the lien is limited to such property as banks are accustomed to deal in, or to take on deposit, or for collection or otherwise—such as notes, stocks and other choses in action, and does not include stocks or merchandise, etc., that cannot pass conveniently into the possession of the bank. The court holds that the statute simply puts into statutory form, the general law on the subject, which is that bankers have liens upon any security or property coming into their possession in the usual course of banking business for the payment of any indebtedness due them from the owner or depositor of such securities.

DE HAVEN, *District Judge:* This is a petition to revise in matter of law an order made by the United States District Court for the District of Idaho, affirming an order of the referee refusing to allow as a secured claim, a claim filed by the petitioner herein in the matter of Harry Gesas, bankrupt. The facts, and the grounds of his decision, are fully stated in the following opinion of Beatty, District Judge, affirming the order of the referee:

The Commercial National Bank of St. Anthony, Idaho, filed with the referee its proof for the sum of $905 as a preferred claim under the Idaho statute providing a banker's lien. The referee having refused to allow it as a preferred claim, this appeal is taken to review his order. From the record and the stipulation of facts, it appears that on May 16, 1904, the bankrupt executed to the bank his note for $1,000 for borrowed money which after deductions of payments amounted to the sum of $905 on the 11th day of March, 1905, when proof thereof was made; that on December 20, 1904, the bankrupt transferred to the bank possession of his stock of goods of over the value of $10,000, with the understanding that the bank should retain possession thereof and sell the same at retail prices, under said bankrupt's direction, until the proceeds of such sale were sufficient to pay the said indebtedness; that the bank held such possession in conjunction with the First National Bank of St. Anthony; that all the proceeds of sales were turned over to said First National Bank to apply on its claim against said bankrupt; that on the said 20th day of December said bankrupt also executed to said Commercial National Bank his chattel mortgage upon said goods to secure the bank's said claim, but that under this mortgage the bank makes no claim; that on December 31, 1904, a petition in bankruptcy was filed against said bankrupt alleging that on December 19 said bankrupt had given preferences to various parties by executing chattel mortgages on his goods, and that on January 14, 1905, he was adjudicated a bankrupt. In his answer to the petition of his creditors the bankrupt admitted that he had given preferences to some of his creditors and that under the law he was insolvent.

The matter involved is the construction of section 3448, Rev. St. Idaho, 1887, which is: "A banker has a general lien dependent on possession, upon all property in his hands, belonging to a customer, for the balance due to him from such customer in the course of the business." This statute seems chiefly to be but a statement in statutory form of the law upon this subject, as generally recognized: That bankers have liens upon any security or property coming into their possession in the usual course of banking business, for the payment of any indebtedness due them from the owner or depositor of such securities. This rule is subject to modifications, which may be illustrated by quotations from Reynes vs. Dumont, 130 U. S. 354; 9 Sup. Ct. 486, 32 L. Ed. 934. Quoting from other authorities, it is said (page 390 of 130 U. S., page 495 of 9 Sup. Ct. [32 L. Ed. 934]): "A general lien does arise in favor of a bank or banker out of contract, expressed or implied, from the usage of the business, in the absence of anything to show a contrary intention. It does not arise upon securities accidentally in the possession of the bank, or not in its possession in the course of its business as such, nor where the securities are in its hands under circumstances, or where there is a particular mode of dealing, inconsistent with such general lien. * * * A banker's lien * * * ordinarily attaches in favor of the bank upon the securities and moneys of the customer deposited in the usual course of business, for advances which are supposed to be made upon their credit. * * * Here, then, * * * is the true principle upon which this, as well as all other banker's liens, must be sustained, if at all. There must be a credit given upon the credit of the securities, either in possession or in expectancy."

From the foregoing, two principles may be deduced: The securities upon which liens may be maintained must be deposited in the regular course of the banking business, in which also is implied, I think, that they must be of the character or class usually dealt in or deposited in banks in the course of their usual banking business, and the debt must have been incurred upon the faith of such securities actually delivered or promised. Those rulings are based upon the general law upon the subject or upon special statutes. It may be doubted that each of these principles is involved in the Idaho statute. It says that the lien is dependent upon possession by the banker or any of his customer's property. The debt or loan may be made without the possession or promise of possession of any of the customer's property and in no way be made upon its credit; but, when such property comes into the possession of the banker, his lien immediately attaches. An exception is when possession is given for some special purpose the property can be applied only to that purpose. (Reynes vs. Dumont, ante, and Armstrong vs. Chemical Nat. Bank [C. C.] 41 Fed. 234, 6 L. R. A. 226.) But I think this statute limits the matters referred to therein to those which occur in the usual course of banking business. While it says all property of the customer, it means all such property as in the usual course of banking business banks are in the habit of dealing in, or in taking on deposit, or for collection, or otherwise, such as notes, bonds, stocks, and other choses in action, the possession of which is consistent with the usual course of banking business and which the bank can conveniently have. I doubt that it applies to the possession of stocks of merchandise or of live stock or of other cumbersome property which cannot conveniently pass into the actual possession of the bank, or such as it does not usually deal in. It is not doubted that, independently of the statute in question, all such property may be transferred to the possession of a bank as security for its claims, when it is not in contravention of some law.

This brings us to a consideration of the question whether the transfer of the merchandise to the bank is in violation of the statute on bankruptcy. That the chief object of the law is the disposal of the bankrupt's estate to all his creditors in like proportion is too well understood to demand discussion. With such object in view, all transfers of property made to hinder or delay creditors, or preferences made to any, and all judgments, attachments, or other liens obtained through legal proceedings, made within four months of bankruptcy, are set aside. Certain statutory liens, as mechanics' and others, are protected. So, also, is the banker's lien, as provided by said Idaho statute, protected upon whatever property the statute means to include within its terms. So, also, are conveyances and transfers made "in good faith and for a present fair consideration." But does the transfer in question come within the protection of the statute either as a lien or as a transfer? I have already said that I do not think that it is the kind of property which the Idaho statute contemplates in providing a banker's lien. * * * Having held that the bank has no lien upon this property leaves but the question whether the transfer of it was such as can be sustained. It was made when the bankurpt was in fact insolvent under the law and as he subsequently admitted. It was made at the time he was making other like transfers of his property and for a like purpose, and but about ten days prior to the filing of a petition by his creditors asking that he be adjudicated a bankrupt, which was done in a short time after. Also this transfer was evidently made for the purpose of securing to the bank and the other bank named the payment of their debts, and thus giving these two creditors a preference over the other creditors. All these facts considered were sufficient to put the bank upon its guard and to have at least suggested to it a suspicion of the insolvency of its debtor. But, admitting that the transfer was made in good faith upon the part of the bank, it was without any present consideration whatever, and in that is obnoxious to the law.

We are satisfied with the conclusion reached by the district court, and for the reasons stated in the foregoing opinion the order is affirmed.

COLLECTIONS--SELECTION OF AGENT—DRAWEE BANK—CUSTOM OF BANKS—NEGLIGENCE—LIMITATION OF LIABILITY.

BANK OF ROCKY MOUNT VS. FLOYD, ET AL.

Supreme Court of North Carolina, October 2, 1906.

Holding that a custom of banks to send checks to the drawee for payment by mail, where such drawee is the correspondent of the collecting bank at the place where the check is payable, is invalid, the Supreme Court of North Carolina places liability for the amount of the check upon the sending bank on the ground of negligence in selecting the drawee bank as an agent to collect the same. The facts are set forth in the opinion, by Connor, J., which discusses the principles of law involved to some extent. The court interpreted a contract under which the collecting bank received items for collection at the owner's risk until full actual payment was received, to mean that such limitation of liability was effective only to exempt it from negligence or misconduct of the sub-collecting agents, but it did not exonerate it from its own negligence in selecting a drawee of a check as an agent to collect the same, for which negligence it is liable. The court says, in part:

CONNOR, *J.:* This action is prosecuted by plaintiff bank against the Murchison National Bank and the other defendants for the recovery of $1,059, being the amount of a check drawn by Griffin & Aiken on the Merchants' and Farmers' Bank of Dunn.

In the view which we take of the case, much of the testimony becomes immaterial. The plaintiff sets forth several causes of action against the different defendants. The facts material to the discussion and decision of the case, in regard to which there is but little, if any, controversy, are: Griffin & Aiken on January 27, 1904, gave to defendant Floyd, in payment of a note held by his wife, their check on the Merchants' and Farmers' Bank of Dunn for $1,059. On January 29, 1904, Floyd deposited the check for collection in the plaintiff bank, and, by an arrangement made with said bank, the amount was credited to him to be charged back if the check was not paid. Floyd drew several checks against the credit. On the same day the plaintiff bank forwarded the check for collection to defendant Murchison Bank, its correspondent at Wilmington, N. C. It was received on January 30, 1904, and on same day forwarded for collection to its correspondent, the Merchants' and Farmers' Bank of Dunn, N. C.

The check was received by the bank at Dunn on February 1, 1904. was marked "Paid," and charged to Griffin & Aiken, the drawers, who had funds to their credit in excess of the amount of the check. On February 2, 1904, the Murchison National Bank wrote plaintiff: "We have not been able to get any returns. Hope to get something by Monday." On February 2, 1904, the Merchants' & Farmers' Bank had in its vaults an amount of currency in excess of the check. On February 9, 1904, the Merchants' & Farmers' Bank closed its doors and went into liquidation. The proceeds of the check were never remitted by the bank at Dunn to defendant the Murchison National Bank. On February 10th the Murchison Bank wired the plaintiff bank: "Merchants' & Farmers' Bank, Dunn, reported closed. Check mentioned was taken, subject final actual payment. Have used every effort collect. We do not assume any responsibility. We notified you on sixth that it was unpaid." Plaintiff bank wired: "Telegram. All liability on us will fall on you and Dunn Bank. Notify it."

The introduction of this telegram was objected to, and exception duly noted to its admission. While we think it competent, its admission was entirely harmless. It did not in any respect change the status of the parties. The Murchison Bank on February 9th wired the plaintiff that it had no returns from Dunn, and had sent a man there, advising that plaintiff's customer send some one there, Mr. Tillery, cashier of plaintiff bank, testified: "The Murchison National Bank notified us of the receipt of the cash item of $1,059, and they had it on the same, or in substance the same, as our credit card had relative to our side collections. The usual credit card customary among banks relative to collections of papers outside of the town in which the bank is located is to receive them with the understanding and agreement that the bank so receiving shall not be liable until it receives actual final payment and the credit card which acknowledged the receipt of the check of $1,059 had printed on it the following: 'Items outside of Wilmington are remitted at owner's risk until we receive full actual payment.' And this is the usual custom among banks relative to out of town collections. I do not know which route the mail goes from Wilmington to Dunn. I think it goes by Goldsboro. Goldsboro is between Rocky Mount and Wilmington. We do not take Sunday mail out of the post-office until Monday."

The Murchison Bank, at and about the time of this transaction, sent other collections to the Dunn Bank. There was much testimony in regard to the transactions between the Dunn Bank and the Murchison Bank between February 1 and February 10, 1904, which is immaterial in the view which we take of the case. The defendant Murchison Bank tendered a number of issues directed to the several aspects of the controversy, which are eliminated from this discussion. We have carefully examined them and find that several relate to matters in regard to which there is no controversy. The others are immaterial. The issues submitted by his honor cover the material questions in controversy. The answers to them establish the essential facts herein stated. The twelfth and thirteenth issues are as follows: "Was the Murchison Bank guilty of negligence in the discharge of any duty it owed in connection with the collection of said check of $1,059? Ans. Yes." "If the Murchison Bank was guilty of negligence in the collection of said check, what loss was sustained thereby? Ans. $1,059, with interest at 6 per cent. from February 6, 1904." Issues were submitted in regard to the conduct of the plaintiff bank and its liability to the owner of the check. The answers to these issues exonerated it from liability. This view renders it unnecessary to discuss the correctness of the instructions given.

The first question presented for our consideration is the duty of the plaintiff and the Murchison Bank to the owner in dealing with the check While there is a diversity of opinion and the decisions of the courts are not uniform upon the subject, this court in Bank vs. Bank, 75 N. C 534, approved and adopted the following rule of conduct: "It is well settled that when a note is deposited with a bank for collection, which is payable at another place, the whole duty of the bank so receiving the note in the first instance is seasonably to transmit the same to a suitable bank or other agent at the place of payment. And, as a part of the same doctrine, it is well settled that, if the acceptor of a bill or promissory note has his residence in another place, it shall be presumed to have been intended and understood between the depositor for collection and the bank that it was to be transmitted to the place of residence of the promisor," or, we may add, drawee or payor. It is conceded that there is much diversity of opinion and decision in respect to the liability of the receiving bank for the default of its subagent, and the courts of the several jurisdictions holding variant views proceed upon entirely distinct and opposite constructions of the implied powers conferred upon the bank first receiving the collection. As we have seen, this court has adopted the Massachusetts rule, which is based upon the following satisfactory reason: "The employment of a subagent is justifiable, because this manner of conducting business is the usual and known custom, and in a business which requires or justifies the delegation of an agent's authority to a subagent, who is not his own servant, the original agent is not liable for the errors or misconduct of the subagent, if he has exercised due care in the selection." Measured by this standard, there can be no doubt in regard to the conduct of the plaintiff bank in sending the check to defendant Murchison Bank; its standing and fitness to discharge the duty being conceded. His honor would have been justified in so instructing the jury. Measured by the same rule, the Murchison Bank would have been in the strict line of its duty in sending its collection to its correspondent in Dunn, but for the fact that the Dunn Bank was the drawee of the check.

This brings us to the pivotal question in the case: Is the drawee or payee of a bill, note, or check a suitable agent to which such paper should be sent for collection? This question has never been decided by this court; hence we must seek for an answer upon the reason of the thing, the general principles underlying the law of agency, and adjudged cases in other jurisdictions. By accepting the collection from the plaintiff bank the Murchison National Bank became, in respect to Floyd's interest, his agent; but, as the amount had been credited to him, the plaintiff was entitled to the proceeds. In this view of the case it is not material whether the Bank of Rocky Mount was the proper party plaintiff, as all of the persons interested were before the court and their relative rights and duties presented for adjustment. The law is well stated in German National Bank vs. Burns, 12 Colo. 539, 21 Pac. 714, 18 Am. St. Rep. 247, in which it is said: "Even if we can conceive of such anomaly as one bank acting as the agent of another to make a collection against itself, it must be apparent that the selection of such an agent is not sanctioned by businesslike prudence and discretion. How can the debtor be the proper agent of the creditor in the very matter of collecting the debt? His interests are all adverse to those of his principal. If the debtor is embarrassed, there is the temptation to delay. * * * The fact that the L. Bank was a correspondent of the defendant to a limited extent does not alter the rule. * * * As a matter of law such method of doing business cannot be upheld. It violates every rule of diligence."

The defendant Murchison National Bank, however, insists that it has shown that the custom or usage prevails by which a bank, having a check upon its own correspondent in good standing, may intrust it with the collection. The same point has been frequently made and almost uniformly met with the declaration that such custom, if shown to exist, is invalid. In this connection it is said by the Court of Appeals of Missouri, in Bank vs. Bank, supra: "It was said to be customary for banks to transmit collections to their correspondent, even though such correspondent was the debtor. To this we answer that it is not a reasonable custom, and therefore must fail of recognition by the courts. We concede it may be, and perhaps is, in many instances, the most convenient mode for the bank intrusted with the collection. But, if the bank adopts that mode, it takes upon itself the risk of the consequences."

The defendant says: "However this may be, the check was received for collection pursuant to an express contract that 'items outside of Wilmington are remitted at owner's risk until we received full actual payment.'" This language was brought to the attention of the plaintiff-bank, and we may assume entered into the contract under which defendant received the paper for collection. We cannot suppose that it was intended to be understood as releasing the defendant from the consequences of its own negligence. The extent to which it will be permitted to exonerate defendant bank is that it shall not be responsible for the negligence or misconduct of its subagents properly selected. If given its literal meaning, no liability whatever in respect to the collection of the check would attach to it. This construction would relieve it from the duty of using due care in the selection of a subagent. If such is the proper construction of the language, and, if thereby it is relieved from the responsibility for its own negligence, we should not hesitate to hold it unreasonable and invalid. An agreement to relieve an agent or fiduciary of all responsibility for its own negligence or misconduct is unreasonable and cannot be sustained. This is elementary learning as applied to common carriers (6 Cyc. 392). It would seem equally so when it is sought to relieve a person or corporation from all responsibility for a breach of its contractual duty by negligence or otherwise. Doubtless, in view of the fact that many courts hold that the receiving bank sending a collection on a distant point to its correspondent at the place of payment is responsible for the negligence or misconduct of such subagent, the defendant bank, wishing to restrict its liability in this respect, placed upon its stationery the language in question. While, as we have seen in this state, no such liability attached, we can see no reason why, in those states where the law is otherwise, a contract to this effect would not be valid. It is simply an agreement that the receiving bank shall have the power to select the proper agent to collect the check at the place of payment, and that such subagent shall thereby become the agent of the owner of the check. But, when it is sought to relieve itself of all liability for negligence in the selection of such agent, quite a different question arises. Whatever may be the proper construction of the language, we do not think that the defendant Murchison Bank was authorized, in violation of a well-settled rule of law, to send the check to the drawee, and if by reason of doing so, loss has been sustained, it must be held responsible therefor.

It appears that upon the receipt of the check by the Dunn Bank on February 2, 1904, the cashier of said bank immediately canceled the same and charged the amount to the drawer, who had funds sufficient to meet it. It further appears that on that day the Dunn Bank had in its vaults an amount sufficient to have paid the check. The defendant, however, contends that, as the Dunn Bank was insolvent, the status of the parties was in no respect changed, that it was "a mere playing with figures," and cites Bank vs. Davis, 114 N. C. 343, 19 S. E. 280. It was clearly the duty of the Dunn Bank, upon presentation of the check, to pay it and to remit the proceeds. Its customer had funds for that purpose, and the bank had funds to meet this customer's check. There is no suggestion that on the 2d of February the Dunn Bank anticipated an immediate closing. The testimony is all to the contrary. It cannot be doubted, therefore, that it was a good payment of the check. If the check had been sent to some other person and presented on the 2d of February, there is no suggestion that it would not have been paid. The temptation to the Dunn Bank to retain the money, instead of immediately remitting, as was its duty, is a danger which the law guards against by prohibiting the sending of the check for collection to the drawee bank. It therefore seems clear that the failure of the plaintiff bank to receive the proceeds of the check was due to the breach of duty on the part of the Murchison Bank in sending it to the Dunn Bank; in other words, that such breach of duty was the proximate cause of the loss.

There are a large number of exceptions to his honor's rulings in the admission of testimony, and the instructions given and declined. The scope of the action, as set forth in the complaint, comprehends a number of questions affecting the rights and liabilities of the several defendants, which were properly discussed in the brief. We are of the opinion that, eliminating every other phase of the case, the right of the plaintiff to recover of the defendant Murchison Bank rests upon facts found by the jury, being largely upon undisputed testimony. We do not think it necessary to discuss or decide the other questions. They are not so related to the facts upon which the conclusion is based as to affect the result. The entire testimony, and the result of the action, in sending the check to the drawee bank, although entirely unexpected, strongly illustrates the wisdom of the laws, which declares that the party whose duty it is to pay is not the proper party to assume the duty of collecting. The testimony shows diligence on the part of the officers of the Murchison Bank to secure its customers after the discovery of the trouble, but this cannot relieve it of liability for the original breach of legal duty. It has been held that, if the drawee be the only bank at the place of payment, an exception to the general rule is made. This holding is not in harmony with the best thought on the subject or the principle underlying the law of agency. While the convenience of persons and corporations engaged in particular lines of business, and the general custom recognized and acted upon, are properly given consideration in the construction of contracts and fixing rules of duty and liability, elementary principles of law founded upon the wisdom and experience of the ages should not be violated.

Upon a consideration of the whole record, we find no error.

DEPOSIT IN BANK—APPLICATION TO NOTE—BANKRUPTCY TRANSFER OF PROPERTY—PREFERENCE.

WEST VS. BANK OF LAHOMA.

Supreme Court of Oklahoma, September 8, 1905; Rehearing January 10, 1906.

If an insolvent person has money on deposit in a bank, subject to check, and also owes the bank on a promissory note, the bank is entitled,

upon his adjudication in bankruptcy, to have the amount of the deposit set off against the note and to prove its claim for the balance.

If such person borrows money from the bank on his note, and deposits the money in the bank subject to check, the transaction does not create a preference under the Bankruptcy Act; and, when the note is due, the bank may credit the amount on deposit, on the debt, without being liable to the trustee in bankruptcy of the maker of the note for such amount as a preference.

The transaction is in the nature of mutual debts and mutual credits mentioned in section 68 A of the Bankruptcy Act. Under this act money is property, and a payment of money is a payment of property.

BURFORD, *J:* The plaintiff in error, Langdon C. West, as trustee of the estate of Kasper Streich, a bankrupt, filed his petition in the district court of Garfield county to recover $1,300 from the Bank of Lahoma, which it is claimed belongs to the estate. It is alleged in the petition substantially that an involuntary petition in bankruptcy was filed against Streich on the 16th day of May, 1902, and that on July 8th following he was adjudicated a bankrupt. It is further alleged that on May 9th he borrowed from the Bank of Lahoma $1,800 and executed his note to the bank therefor, payable May 12, 1902; that Streich deposited said sum of $1,800 in the bank and was given credit therefor; that said note was secured by a chattel mortgage upon a stock of merchandise, furniture, and fixtures, situated in the storeroom of Streich, in Woods county, Okl.; that on May 13, 1903, the bank, without releasing or waiving its mortgage, with the intent to receive a preference over the other creditors of Streich, and while he was insolvent, and the bank knowing he was insolvent, applied $1,300 of said deposit toward the payment of the debt due the bank upon said promissory note, and gave Streich credit on said note for said sum. The trustee in bankruptcy demanded a return of said money, and, the bank refusing to surrender the same, he demands judgment against the bank for the said sum, with interest and costs. The Bank of Lahoma demurred to the petition on the ground that the facts alleged do not constitute a cause of action in favor of the trustee in bankruptcy. The court sustained the demurrer and rendered judgment for the defendant. The plaintiff appealed.

The only question presented is whether or not, under the facts stated in the petition, the trustee is entitled to recover the money which it is alleged the bank received as a preference. It is clear from the allegations that Streich, while insolvent, borrowed from the bank $1,800. and received credit in the bank as a depositor for that amount. The relation of debtor and creditor was thereby created as to this deposit. Streich owed the bank $1,800 for which the bank held his note, payable May 13th. On that day the bank gave him credit on his note for the balance of the deposit, $1,300, and charged him with that sum on his deposit account. At that time Streich was insolvent, and three days afterward his creditors began proceedings against him to have him declared a bankrupt. It cannot be questioned but that the effect of this transfer or payment to the bank had the effect to prefer the bank to the amount of the deposit of $1,300; but is it a preference prohibited by the bankruptcy law, and is the trustee entitled to recover the same?

The Bank of Lahoma, as shown, by the averments in the petition loaned to Streich the sum of $1,800, and Streich executed his promissory note to the bank for said amount. The bank gave him credit on deposit account for the proceeds of the loan. The bank then became his debtor to the amount of the deposit. He became the debtor to the bank in the amount of the note. The deposit was subject to check, and the transcript of account from the bank's books, which accompanies the petition as an exhibit, shows that the bank paid out on his check $500 of the deposit before the note matured. On the date the note fell due Streich had on deposit of the original sum borrowed $1,300, and the bank applied this sum on his note, and gave him credit for payment of that sum, and charged the same to him on the account. The deposit in the first instance did not create a preference in favor of the bank, for the reason that the bank became his debtor for the full amount of the deposit. His available assets were not diminished by the deposit in the bank, and his other creditors of the same class were in as good a position as they were before. These mutual transactions brought about the exact condition mentioned in section 68a, a case of mutual debts and mutual credits between the estate of the bankrupt and the creditor, and after the adjudication the bank would have been entitled to have had set off the amount of Streich's deposit against the amount due on his note to the bank, and the right to have the balance allowed against the estate. Then, if this was the right of the bank in case Streich was adjudicated a bankrupt, has it put itself in any worse position by making the transfer of the deposit to the payment of its debt before the adjudication in bankruptcy? Will any creditor of the estate receive a less percentage of his claim under present conditions than he would have received had the credit or set-off been allowed by the trustee in bankruptcy? If the effect of this transfer by the bank has not been to enable it as a creditor to obtain a greater percentage of its debt than any other creditors of the same class, then such transaction does not constitute a preference. We are unable to see how, by doing itself that which the law requires the trustee in bankruptcy to do, the bank should be required to lose the credit the law permits it to have. No advantage has been acquired by the bank, and no detriment has resulted to the other creditors.

In order for the petition to be sufficient to withstand a general demurrer, it was required to show that, if the transfer of the credit by the bank is permitted to stand, the bank will receive a greater percentage of its debt than other creditors of the same class. (Schreyer vs. Citizens' National Bank [Sup.] 77 N. Y. Supp. 494.)

We think the court committed no error in sustaining the demurrer to the petition. The judgment of the district court is affirmed, at the costs of the plaintiff in error. All the Justices concur, except Irwin, J., who presided below, not sitting.

CHECKS AS EQUITABLE ASSIGNMENT—PRIORITY—RIGHT OF BANK TO APPROPRIATE DEPOSIT—EFFECT OF RECEIVERSHIP

EASTERN MILLING AND EXPORT COMPANY VS. EASTERN MILLING AND EXPORT COMPANY OF PENNSYLVANIA.

Circuit Court, Eastern District of Pennsylvania, July 14, 1906.

The giving of a check, in the ordinary form, does not create an equitable assignment pro tanto of the amount on deposit, and the fact that the check was presented, it not being paid or accepted, does not, on the insolvency of the drawer, entitle the holder to priority of payment from the amount of the drawer's deposit.

After a receiver has been appointed for a corporation that has an account with a bank, the bank cannot exercise a right given to it under a contract, made with such corporation, which provided that any notes of the corporation held by the bank should become due if the corporation became insolvent, and that the bank might apply thereon any amount then on deposit to the credit of the company, since title to the deposit passed to the receiver on his appointment.

HOLLAND, *District Judge:* This matter is brought before the court on a petition presented on behalf of the Corn Exchange Bank, to which an answer was filed by the receiver of the Eastern Milling and Export Company of Pennsylvania, and a stipulation of counsel as to certain facts, which are admitted by the parties, and which do not appear in the petition and answer. They are as follows: The milling company became a debtor to the bank on a promissory note of $4,500, dated May 11, 1903, payable at the expiration of sixty days, and it came due July 11, the same year. Nine of the first mortgage bonds, for $1,000 each, of the company, were deposited with the bank as collateral security for the note. The milling company was also a depositor with the bank, and had filed a statement of its assets and liabilities in which the milling company agreed that:

"In consideration of granting any credit by the said bank, the undersigned [the milling company] agrees that, in case of failure or insolvency on the part of the undersigned, * * * all or any of the claims or demands against the undersigned held by said bank shall at the option thereof immediately become due and payable, and it is hereby understood and agreed that all moneys, funds, stocks, bonds, notes, and other property in the hands of the said bank belonging to the undersigned may at all times at the option of the bank be held and appropriated by the said bank to the payment of all notes, indorsements, obligations, or indebtedness in any form, matured or unmatured, made by the undersigned, which the said bank may hold. Further that the exercise of or omission to exercise such option or options in any instance shall not waive or affect any other or subsequent right to exercise the same."

On July 3, 1903, the milling company had credit with the bank as a depositor for the sum of $554.54, some of which was for collection on out of town checks. A receiver was appointed for the milling company on July 6, 1903, because of its insolvency, and on May 11th the $4,500 note made by the milling company to the bank fell due, and on February 9, 1904, the bank appropriated the deposit on account of the note. Prior to the appointment of the receiver and on the 3d day of July, 1903, the milling company drew a check to Charles H. Burr for $500, which was presented the same day, but payment refused on the ground that while the milling company's bank book showed a credit of more than enough to meet the check, the credit was made up of certain checks that day deposited by the milling company with the bank, some of which were out of town checks and had not then been collected, and the agreement with the bank and all depositors made the bank simply a collateral in all out of town checks until they received the money in their possession. Mr. Burr did not present his check again for payment before the receiver had been appointed. Subsequently a distribution of the assets of the milling company was made, and there was awarded to the bank the sum of $2,935.35 on the nine bonds held by the bank as collateral to the note; this being a dividend of 32.615 per cent. The receiver offered to pay this amount to the bank, less the deposit which he claims belongs to him as receiver for the milling company The bank claims the right, under the provisions of its agreement above stated, to appropriate the deposit on account of the note which matured subsequent to the appointment of the receiver, and Mr. Burr, the holder of the check, insists that $500 of the deposit should be paid to him.

The latter's claim, we think, is clearly ruled out by the decisions of the Supreme Court in Bank of Republic vs. Millard, 77 U. S., 152, and Fourth Street Bank vs. Yardley, 165 U. S. 634, 17 Sup. Ct. 439. In the first case, it is held that as between a check holder and a bank upon which the check is drawn, unless it be accepted by the bank, an action cannot be maintained by the holder against the bank; and, in the latter, the court held that a check, drawn in the ordinary form, does not, as between the maker and payee, constitute an equitable assignment pro tanto of an indebtedness owing by the bank upon which the check has been drawn, and that the mere giving and receipt of the check does not entitle the holder to priority over general creditors in a fund received from such bank by an assignee under a general assignment made by the debtor for the benefit of creditors, and the contention that the check was presented for payment to the bank prior to the assignment does not change the rights of the holder thereof is fully borne out by the opinion of Justice White in Bank vs. Yardley, supra.

As between the milling company and the bank, the bank's note having matured after the insolvency of the milling company and the appointment of a receiver, the latter would be entitled to recover the deposit, because at the time the receiver was appointed all property, including the deposit, passed to him as trustee for the creditors, and the bank could not credit the deposit on account of the note it held against the milling company, which matured on July 11, five days after the deposit had passed to the receiver, for the reason that at the time the receiver was appointed the bank had no lien on the deposit that would have interfered with the rights of the milling company to draw the same and that by virtue of the appointment of a receiver the right to do so passed to him in trust for the creditors. But it is contended that by virtue of the agreement the milling company was authorized to appropriate the deposit on account of the note as above stated. It is true, under the agreement, the bank was authorized as between the depositor and itself to apply the deposit on account of any note it might hold against the milling company in case of insolvency of the latter. The bank, under the agreement, for the reasons stated, held an option or privilege to declare any note due held by it against the milling company and to appropriate any deposit it might hold in payment thereof; but, in this case, the bank did not exercise this option before the appointment of the receiver, and the deposit passed to him as trustee for the creditors upon his appointment.

The relations between the milling company and the bank up to the time of the appointment of the receiver were identical with those existing in the case of Chipman and Holt vs. Ninth National Bank, supra, with the exception that the bank held a power of attorney authorizing it, at its option, to declare the note due and payable and to appropriate the deposit as part payment. Having failed to exercise this power prior to the appointment of a receiver, its right to do so no longer exists, and the receiver is entitled to the fund.

The prayer of the petitioner for an order upon the receiver, directing him to pay over the said dividend of $2,935.35, without deduction or abatement, is therefore refused.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

ESCROW—REVOCATION OF AUTHORITY.

BUFFALO, N. Y., March 18, 1907.

Editor Bankers' Magazine:

SIR: A agrees to sell B a piece of property for $2,500. B has not the money at the time, but expects to receive something over $4,000 from the proceeds of paper left with a bank for collection. A deed of the premises is left with the bank to be delivered to B upon payment of $2,500; but before the time arrives A dies. The executor of A now wishes to withdraw from the agreement because the property has since enhanced in value, and claims that the death of A has revoked the authority of the bank to deliver the deed. What shall the bank do? CASHIER.

Answer.—The deposit of the deed with the bank under such circumstances amounted to an escrow, and "it is a well-settled rule with respect to an escrow, that if either party dies before the condition is performed, and afterwards the condition is performed, the deed is good and will take effect from the first delivery." (Ruggles vs. Lawson, 13 Johns. 285.) In Webster vs. Kings County Trust Co. (145 N. Y. 275) a deed was tendered upon the trial which was executed by one Agar and others, but while the case was pending upon appeal Agar died. The Court of Appeals said: "The deed tendered in the trial and placed under the control of the court in the hands of the clerk duly executed and acknowledged by Agar and the other plaintiffs was a good delivery in escrow, which was not defeated by his subsequent death." In the case stated in the inquiry, therefore, the death of A does not operate to revoke the authority of the bank, and upon payment of the money by B the deed should be delivered to him.

CARNEGIE ON THE RAILWAYS.

THERE is one man in the country whose shrewd common-sense and business ability are everywhere acknowledged. Nor can he be charged with hostility to corporate wealth, for he himself is one of the richest men in the United States, if not in the world. This is Mr. Andrew Carnegie. In a recent interview, discussing the railway and financial situation, Mr. Carnegie said:

"The President is the best friend the railroads have. Why they have not realized it, I cannot understand; they certainly ought to. They seem inclined now to stand with him, and they had better. I mean by that that the President's railroad measures are moderate, and that if the railroads do not accept them they may be confronted by some other President very much more radical, and who will approach the subject from an entirely different standpoint—one very much less pleasing to them.

I indorse the President's position on the railroad question without reservation. His influence on that subject I regard as entirely wholesome and conservative."

Evidence is not lacking that sensible railway officials are beginning to take the same view.

A RELIC OF BARBARITY.

IN a recent interview, Mr. Stuyvesant Fish, former president of the Illinois Central Railroad Co., said:

"Our system of locking up public money in the national Treasury and so taking gold or its equivalent out of circulation is a relic of barbarity. It is a system that is over economical and wasteful to the last degree."

This wasteful system should no longer be tolerated. But it is worse than wasteful, since it directly works in favor of speculative interests.

A PROMINENT BANKER-STATESMAN.

THE MEXICAN AMBASSADOR TO THE UNITED STATES.

MEN who have achieved notable success in the business world are showing an increasing disposition to devote their mature judgment and their means to the public service. It is becoming nothing unusual for the possessors of large wealth to relinquish important and highly remunerative business connections to engage in philanthropic activities, with no other reward than the satisfaction of having contributed something to the advancement of the race, or to enter the service of their country in positions of honor, offering great opportunities for effective work, but holding out no hope of monetary profit. The latter consideration may be disregarded by the man who has already accumulated a sufficiency of this world's goods, and the same ability, energy and discrimination that were instrumental in winning personal success may be devoted unreservedly to the public weal.

A country is fortunate that has among its statesmen and philanthropists men of wealth whose character and antecedents yet keep them in warm and close sympathy with their fellow men, for it is only such as they who can have that practical understanding of great problems necessary to their wise solution.

Hon. Enrique C. Creel, the new Ambassador from Mexico to the United States, is a conspicuous example of the type of successful business man who worthily serves his country. Mr. Creel was born in the city of Chihuahua, Mexico, August 31, 1854, his father being an American from Kentucky, and his mother a Mexican lady.

He started to work while very young, without money and surrounded by the difficulties which are natural to a young man who is to open his way in life. He had to educate himself, to build up his credit and fortune, and to overcome the numerous obstacles which a young man finds in his way. This was the up-hill proposition that Mr. Creel as a boy had before him when he started in life, selling cigars in the streets of Chihuahua when he was only ten years of age. His difficulties were enhanced by having a mother and a family of six brothers and sisters to take care of, his father having died while he was very young.

It is said that from the beginning he made up his mind to spend only a percentage of his profits, a principle to which he adhered with great tenacity, and this was the secret of his financial success.

But he was full of energy and noble ambition, and wanted to accomplish other things besides making money. He wanted to study and

HON. ENRIQUE C. CREEL,
Mexican Ambassador to the United States.

acquire as complete an education as possible, so as to be equipped to aid in promoting the progress of his country. His ambition to gain an education was fulfilled, and with his enterprise and public spirit he has made every possible effort to develop the natural resources of Mexico and to encourage at the same time the intellectual advancement of his fellow citizens. As a citizen, a business man and in public life, he has been imbued with a spirit of patriotism which has brought him into prominent connection with every movement tending to advance the business interests of his country and to promote the well-being and prosperity of its people. His activities have been numerous and varied. He has been a merchant, school teacher, newspaper man, tanner, farmer, live-stock man, miner, banker, railroad man, financier, member of City Councils, member of Congress, Speaker of the House, Governor of the State of Chihuahua, and Ambassador; besides other minor responsibilities.

It is perhaps as a banker that Mr. Creel has done his most important work. He is president of the Banco Central Mexicano, with $21,000,000 capital, established in the City of Mexico, with connections all over the Republic. The bank is in a prosperous condition.

The Chihuahua and Pacific Railway Company is another of the enterprises of which he is the founder; and the Banco Minero of Chihuahua, with a capital of $5,000,000, was also due to his initiative.

As Governor of the State of Chihuahua Mr. Creel increased the revenues fifty per cent. without advancing the taxation; he established two hundred schools, introduced the homestead laws into Mexico, and he is responsible for the anti-alcoholic regulations, the law of public education in his State of Chihuahua, and several other laws which have been considered advanced in their principles and with a kind motive for the working classes.

No one perhaps was more influential in shaping the plans by which Mexico put herself upon the gold standard than Mr. Creel. When silver was steadily falling in gold value, when the Mexican railways were losing hundreds of thousands of dollars a year by every such fall of a penny per ounce, and when foreign investments were brought to a halt by the danger that their gold value could never be recovered, Mr. Creel was among those who joined cordially with Mr. Limantour, the Minister of Finance, in plans for bringing these evils to an end. In the winter of 1902-'03 Mr. Limantour designated Mr. Creel and Mr. Emeterio de la Garza to go to Washington to consult with the American Government and those having large interests in Mexico. The result was an invitation to Mr. Charles A. Conant, Professor Jeremiah W. Jenks and Mr. Edward Brush to visit Mexico to confer with the Government on the subject of introducing the gold standard. In the meantime, a commission of the most prominent citizens of the Republic was appointed, of which Mr. Creel was a member, to deal with the whole subject of monetary reform.

As a result of the visit of the American experts, the co-operation of the United States was secured in urging upon European countries through a joint commission the adoption of a common policy in regard to the coinage of their dependencies in the Orient. The requirements pointed inevitably to Mr. Creel as the Chairman of the Mexican Commission. As such, he visited, with his associates—Messrs. Camacho, the Mexican financial representative in London, and Mr. Eduardo Meade—the principal capitals of Europe and presented the Mexican project. The results of this tour were felt in the market for silver. The Government of British India adopted a policy of more regular purchases of the white metal, and the Government of Germany adopted the gold exchange standard in some of its dependencies. The United States had previously adopted the gold exchange standard in the Philippines. Everywhere the Mexican and American commissions were received with the highest honors, and Mr. Creel was easily recognized as the strong directing mind which shaped the policy of the Mexican Commission.

These steps were only preliminary to the adoption of the gold standard in Mexico. After the return of Mr. Creel from his European mission the measures taken towards this end were made effective, and in 1905 the country was planted firmly upon the gold basis. As a result railway earnings began to improve, foreign capital flowed into the country in a golden stream of many millions; and, with the rise of silver from a minimum of 21 11-16 pence in 1903 to a maximum of about 33 pence in 1906, Mexico was enabled to sell a large part of her surplus stock of the white metal for gold and thereby to strengthen the reserves of her banks. The adoption of the gold standard in Mexico, with the preliminary steps taken to prepare the way in order to avoid shock to industry and commerce, is one of the great constructive works of the twentieth century, and in this work Mr. Creel had a large share.

Mr. Creel is a self-made man, and has risen from humblest circumstances to a position in the world of business and statesmanship that attests the fibre of his character and mind. He is a great believer in public education and is himself fond of books, having one of the best private libraries in Mexico.

He is married to Senora Angela Terrazas de Creel, the daughter of General Terrazas one of the great patriots of Mexico and one of the leading spirits of our sister Republic.

In personal appearance Mr. Creel is distinguished, and his manner is courteous and pleasing, though always marked by native dignity.

The appointment of Mr. Creel as Ambassador was a compliment to the people of the United States. He understands the Americans and likes them, and has done much to bring about the present cordial relations between this country and Mexico.

PRACTICAL BANKING

INTEREST ON BALANCES.

BY J. H. GRIFFITH

A WELL-KNOWN metropolitan bank has recently lost a number of valuable patrons and had the accounts of others seriously impaired in this way. One of the assistant cashiers whose business it is to look after a certain line of accounts has solicited the business of his friends and acquaintances on the basis of two per cent. interest on daily balances. Some of the firms solicited have opened accounts on this basis and have not hesitated to spread the good news that the old Hidebound National Bank is at last paying interest on daily balances. The news reaches the old customers of the bank, some of whom have been keeping large balances in the bank and paying collection charges on out-of-town checks. They investigate and find that new customers, perhaps in the same line of business as themselves, and often doing less business with a smaller bank balance, are getting interest at the rate of at least two per cent., while they have been given to understand that national banks of the first class do not pay interest on active mercantile accounts.

The average business man, when he discovers the real state of affairs, either withdraws his account altogether or takes the most valuable part of it—the reserve balance—and puts it where it will draw perhaps three or four per cent. interest.

Is it not more honorable and better business policy for a bank, when it has adopted the policy of paying interest on balances, to so notify its old customers—where the account will warrant it, and not wait for them to find it out through a new customer or otherwise?

CHARGES ON OUT-OF-TOWN CHECKS.

THE senior partner of one of the largest business houses in New York went to his bank shortly after the first of the year and protested against the payment of a thousand dollars or more a year in collection charges while keeping a good balance to the firm's credit. In order to convince the merchant of the security which he was getting by keeping his account at a bank, the cashier, among other things, said that the bank had paid twenty per cent. dividends during the past year and had earned more. This was the last straw, and the account was promptly transferred to a trust company. The merchant felt that under existing conditions there was no good reason why he should leave a good balance in his bank and pay, say, a hundred dollars a month in collection charges—and get no interest on daily or special balances. The trust companies which in many instances are owned by practically the same capitalists who own the banks, offer to take foreign checks at par and pay $2\frac{1}{2}$ or even 3 per cent. on all balances except such as may be required to clear the out-of-town checks. In many cases this means a difference to the merchant in this matter alone of from two to three thousand dollars a year. Are not the banks making a mistake in their efforts to increase their surplus and dividends at the expense of their loyal customers?

LOCATING BANK CORRESPONDENTS.

ONE of the leading New York trust companies has adopted a simple but effective method of exhibiting the location of its bank correspondents throughout the country. For the purpose the plan in use by large commercial houses, which send representatives all over the country, has been adopted. In one of the executive offices hangs a large wall map of the United States and each city in which the company has a correspondent is indicated by a thumb-tack. These thumb-tacks are of different colors and in that way various classifications may be observed as desired. The plan commends itself for its simplicity and practicability.

HIGH FINANCE.

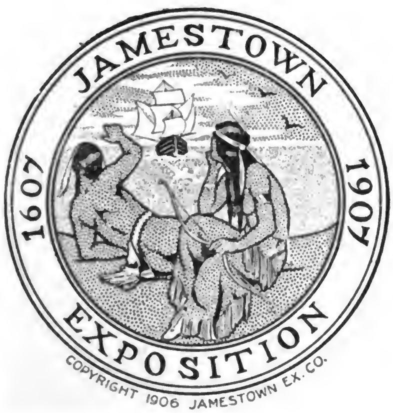
FROM the "Journal of Commerce and Commercial Bulletin" of New York we take the following description of a chapter of high finance:

"They gathered up the stock, nearly all of it, at the prices then prevailing. They had the company issue $40,000,000 of three per cent. bonds, which were divided among themselves at sixty-five, and subsequently sold, some to life insurance companies with which they were connected, at ninety-two to ninety-six. A 'railway' company was organized to buy up the stock of the 'railroad' company by the process of exchanging shares, those who paid and those who received being substantially the same persons, and in that operation the capitalization of about $40,000,000 was raised to over $122,000,000, some $22,000,000 having been put into the railroad in the way of improvements. It is admitted that some $83,000,000 of new stock represented what is commonly called 'water,' but which those who profit by it call capitalizing improvements and enhanced 'earning capacity.'"

And yet there are those who blame President Roosevelt for making the railways unpopular!

THE JAMESTOWN EXPOSITION AND NORFOLK'S COMMERCIAL DEVELOPMENT.

BY CHAS. M. GRAVES, JR.



ALL expositions which have been held in this country have been commemorative of some significant historical event or events connected with the section in which they have been held, and have possessed an invaluable historical, educational and patriotic value, in impressing forcibly upon the minds of those attending them the greatness of our country; in creating breadth of view and a more sympathetic relationship between different sections. These educational aspects have their influence on the commercial prosperity of the country and the immediate section of the exposition; but, aside from this, the immediate commercial value is something not only not to be discounted, but is far-reaching in its effect. The problem of all advertising is to bring to the attention of as many persons as possible the fact that you have something to offer and to make your offer in a manner to impress them. Expositions are no exception to the rule.

Unique Character of the Exposition.

The Jamestown Ter-Centennial enjoys from a historical standpoint a unique and preeminent place in the history of expositions. Others have commemorated the settlement and discovery of a section of our country. This commemorates its birthday, and is to be celebrated in a manner worthy of so important an event, and, while the historical feature of the Exposition is prominent, the commercial aspect is not lost sight of. A word as to the advertisement itself, if we may call it by this name, will not be out of place:

The site of the Exposition alone constitutes one of its most attractive features. Located on Hampton Roads, with a frontage on the water of three miles, in the midst of scenery of much natural beauty, which has been taken advantage of in every way by the landscape engineers, it has offered opportunities for taking advantage of nature's handiwork that few expositions have. The size of the grounds is surpassed by others that have been held, comprising 400 acres of land and 280 acres of water in the Grand Basin, enclosed by the two Government piers 2,400 feet long and connected at the end with an arched bridge of 1,200 feet with space underneath for the entrance of motor boats and small craft of every description; landings for boats being placed at intervals along the whole length of the piers and the piers and water basin being brilliantly illuminated, proving one of the most attractive features of the Exposition. In addition to these spaces, the naval feature of the exposition will prove one of its chief attractions—one not possible at places not situated so happily. Great Britain will send six of her best vessels; France, three; Germany, three; Austria, three; Russia, two; Italy, three; Sweden, one; Portugal, one; Japan, three; Chili, one; Argentina, two and Brazil, two; thirty vessels in all, in addition to those of our own Government, which will largely augment this number. As the naval feature will be held in Hampton Roads, which is here five miles wide, the Exposition officials claim, with some show of reason, that none of the expositions held cover as much territory as this one. In addition to the naval display all of the above governments will be represented by exhibits, as will also all South American countries, except Venezuela, all Central American States, except Salvador and Hunduras; Haiti and San Domingo will also be represented, as well as Mexico. The Philippines, Alaska, Hawaii and Porto Rico come under the United States exhibits.

The expenditure on Exposition work will be:

Building and grounds	$3,000,000,00
Concessions	2,000,000.00
State appropriations	1,500,000.00
U. S. Government	1,500,000.00
Total	$8,000,000.00

No attempt is made to vie with the costly industrial and architectural displays at Buffalo and St. Louis; the buildings being of colonial model and more in keeping with the historical features of the Exposition and the natural environment in which they are placed. Room has been provided, however, for an ample display of scientific, educational and mechanical exhibits, also of the resources of the state of Virginia and this section, as well as other states.

Local Transportation Facilities.

As this article deals more particularly with the effect of the Exposition on the commercial and financial future of Norfolk and vicinity, space will not permit of more than the brief outline given above of the scope of the Exposition, except to add that the grounds are five miles from the city limits of Norfolk, eight miles from Portsmouth, five miles from Newport News, Hampton and Old Point, and are reached by two double-track trolley lines from Norfolk and Portsmouth; equipped with modern inter-urban cars, which are now being augmented for the Exposition period; by a water belt line chartered for the purpose, which will provide steamers of ample capacity, touching at Norfolk, Newport News, Hampton and Old Point; by local steamers from all of these points; and by the Jamestown Boulevard from Norfolk, a modern roadway of asphalt within the city limits, and of macadam for the remainder of the way, now being constructed under the direction of an engineer of the United States Army.

NORFOLK AND ITS ENVIRONS.

Commercial Benefits to Norfolk and Vicinity.

Now, as to some of the commercial benefits to be derived by Norfolk and this vicinity from the Exposition as outlined above, it may be said in general that, where conditions were favorable, expositions have always been a great commercial help to the communities in which they have been held.

Referring to some benefits derived by Portland from the recent Lewis & Clark Centennial Exposition, which more nearly approaches this one in the character of its environment and opportunities than others, President H. W. Goode, writing seven months after the gates were closed, says:

"Instead of there being any evidence of a setback, the predicted dullness 'after the fair' in reality has been resolved into a tremendous volume of new business. Retail trade is better than it ever was before in this city. There has been a general increase in rentals of business blocks, while realty prices and values have moved steadily upward. The fair has stimulated our citizenship, and has awakened the conservative elements in our population to the growing demands of a new and greater city, in the midst of a country possessing all of the natural advantages, and lacking but the essential population. This is a lack which will be abundantly supplied within the next few years. * * * *

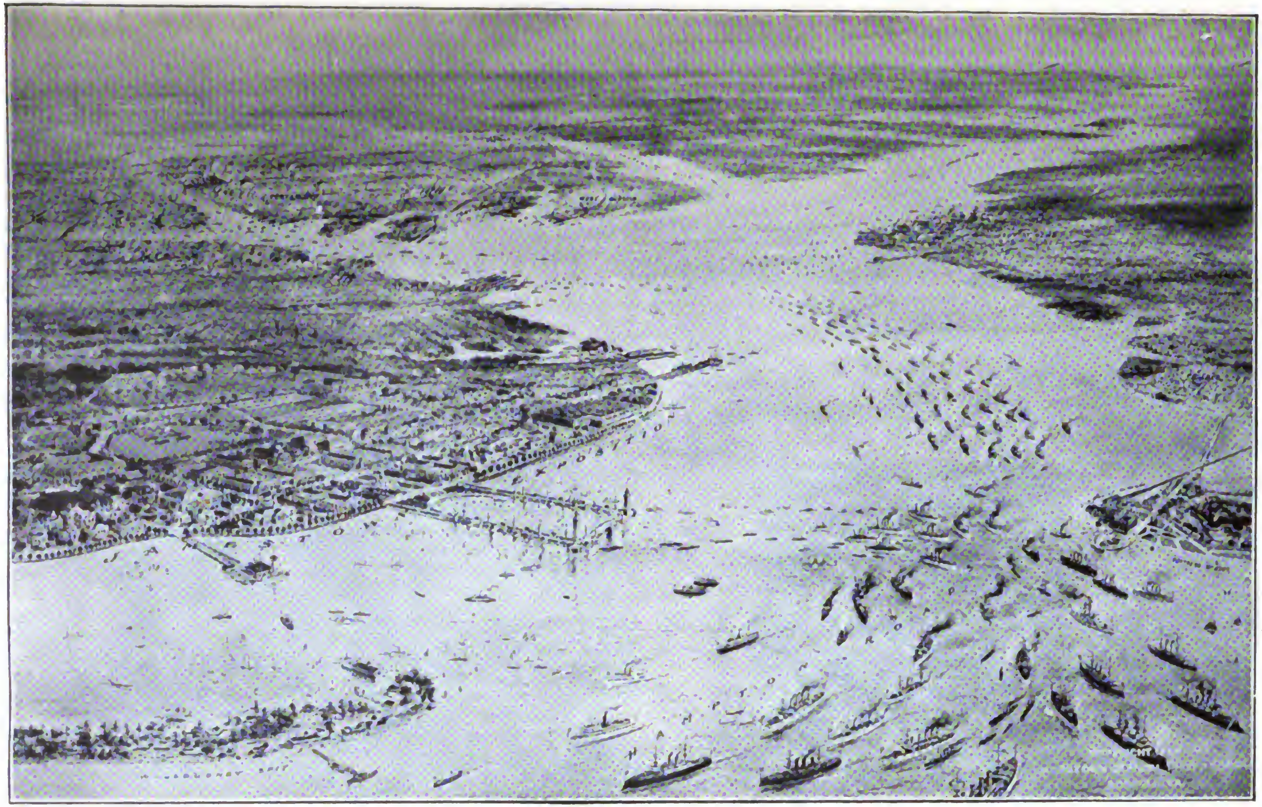
I venture to make the statement, based upon recent developments in the formation of various large enterprises and the organization of new ones, that the outcome of the Centennial was the token by which great corporation powers hastened the consummation of their plans by several years. One of the most important of these is the building of a new

A TYPICAL JAMESTOWN EXPOSITION BUILDING.—THE MANUFACTURERS AND LIBERAL ARTS PALACE.

transcontinental railway into the port city on the Willamette and the operations of other concerns in and near this city, having a capital each of millions of dollars. I believe it is a safe estimate that not less than twelve millions of dollars are being disbursed this year in the Pacific Northwest, Oregon particularly, in railroad construction."

Even if this favorable testimony could not be adduced, conditions in Norfolk justify the belief that the Exposition will be of incalculable commercial and financial benefit to the city and community. One of the leading newspapers here conducted a canvass for a name for the city a few years ago. Someone suggested "The City of Natural Advantages," which may have conveyed to the older inhabitants that it was a bit of satire, because it has always been her boast that she had them, but because of lack of capital and confidence they, until recently, had not begun to be developed.

In referring to Norfolk's natural advantages it may be said that few cities or communities offer better opportunity for commercial de-



BIRDS EYE VIEW OF JAMESTOWN EXPOSITION.

velopment and financial growth than this one; especially does Norfolk harbor offer an inviting field for large investment for railway terminals and steamship lines. The outer harbor, or Hampton Roads, contains an anchorage ground of forty to fifty square miles, with a depth of fifty feet, while the Elizabeth River, on which Norfolk is situated, and its branches forming the inner harbor, offer a wharf frontage of thirty miles, with a depth of thirty feet, nearly every foot of which is available for railroad connections—existing and to exist. It is the fond hope, and one not without reason, that the Exposition will stimulate an interest in some of our captains of industry to the extent of causing them to take advantage of opportunities which are here offered.

POWHATAN OAK.

The situation of the city, midway of the Atlantic Seabord, gives it a peculiar value for trans-shipment business, both coastwise and foreign. Its close proximity to the soft coal fields of Virginia and West Virginia has made it one of the largest coaling and coal shipment stations in the country. That some astute financiers have awakened to its importance in this respect is evidenced by their selecting this port as the terminal of the Tidewater Railway, which will tap the richest coal fields of West Virginia and ultimately place Norfolk far in the lead of any coaling port in the United States.

For the establishment of large manufacturing enterprises or jobbing interests it would be difficult to find a more desirable location than this section. We have been most persistently informed that the chief factors in these matters are freight rates and facilities for transportation. The facilities are well furnished by the railroads and steamship lines centering here, comprising seven trunk lines, and other minor roads, aggregating a trackage of 19.277 miles, among them the Chesapeake & Ohio, Norfolk & Western, Seaboard Air Line, Atlantic Coast Line, Southern Railway and N. Y. P. & N. In addition to these facilities, the Old Dominion Steamship Co., to New York, the Merchants & Miners' Transportation Co., to Boston, Providence and Southern ports, the Clyde Line to Philadelphia, the Norfolk & Washington Steamship Co., to the national capital, the Old Bay Line and the Chesapeake Steamship Co., to Baltimore, furnish cheap water rates, and connections with the railroads centering at the various ports at which they touch. In spite of these facilities, it is hoped that the Exposition will not only result in increasing the capacity and facilities of the lines now in operation, but will result in the establishment of new ones, of a permanent type, a hope that has its justification in the fact that the steamship lines are now building new vessels to take care of the traffic, and a company has recently been chartered to operate a line of steamers from here to Washington; as this company has purchased the site for its wharf it is probably a permanent addition to the city's transportation facilities, which may be traced to the coming Exposition.

That Norfolk will appeal to many visitors as a place of residence, cannot be doubted. It possesses a mild climate in winter, and, in summer there is usually a breeze to temper the heat, especially at night. Its trolley lines provide abundant opportunity for suburban, country or seaside residence. Its seaside resorts, furnishing some of the best bathing, fishing, and sailing on the Atlantic Coast, easily within half an hour's ride on trolley or boat, should furnish weighty argument to some of those brought here by the Exposition to cast their lot in the midst of such agreeable surroundings.

One of the most immediate effects of the Exposition has been, naturally, the preparation for increased street railway facilities. The street railway company has purchased many new cars of a strictly first-class type, placed new trackage, connected its Ocean View lines with the Exposition Grounds, and, when its plans are consummated, should give the city, suburbs, and watering places which it reaches, with 193½ miles of track on the Norfolk side of the river, a transportation service equaled by no city of this size in the country.

A SHADY WALK.

Another immediate effect has been the erection of many hotels—six of permanent brick and concrete and steel construction, completed and about to be completed, having been erected during the past year, in addition to many apartment houses, business blocks, and office buildings. The building era has resulted in a large advance in property values in the business section of the city, and the overflow of business from the old business quarters into new streets, which were formerly used for residential purposes. No better evidence of this growth can be secured than through a comparison of the assessments of land for the past two years. The assessments of real estate show, for 1906, $33,236,450; for 1907, $34,934,390—an increase of $1,697,940, which can surely be attributed in some measure to the prospective Exposition.

Another marked result has been the municipal improvement which has been going on and is now in progress in preparation for this—to people of this vicinity—great event.

The laying of a new water main, of larger capacity, from the water works to the city, some few years ago, the purchase of additional watersheds and other improvements of this department of the city, were probably hastened by the prospect of the additional needs of Norfolk at this period. The street improvements, which are now going on in all parts of the city, show a most gratifying desire on the part of those who are to be the hosts of, it is hoped, millions, in the summer of nineteen hundred and seven, to receive them into a household prepared for their reception, with every regard for their comfort and convenience. Waste and unsightly spots are receiving attention, and plans for beautifying the city as well as for making it more comfortable, are in progress.

That the authorities of the city are not forgetful of their responsibilities is indicated by the fact that the budget for 1906 carried an estimate of $700,000, while that for 1907, just completed, amounts to $900,000, with no fear of a deficit, as increased assessment values have admitted of an increased bonding capacity of $350,000.

Probably one of the most valuable influences on the commercial and financial progress of the community has been in the unifying of public sentiment and interest in the determination to make it the best and most desirable community possible from all points of view, resulting in the organization of bodies such as the Citizens' Commission, for the purpose of securing and recommending legislation for the best interests of the city, esthetically, educationally and commercially; the 200,000 League, commonly called the Boosters, having for its object the bringing of manufactories to the city, and its ultimate goal the increase of the population to the figure suggested by the name, and other organizations of similar nature.

Progress of Banking in Norfolk.

As banks only reflect the general prosperity, and feel first and most acutely the changes for better or worse in the commercial and financial interests of their community, it is a foregone conclusion that the banks of Norfolk, Portsmouth, Newport News and Hampton have shared in the prosperity which has come, and will share in that which is to come as a result of the Exposition. A brief comparison of the conditions of the banks of Norfolk at different dates will indicate more conclusively than any argument the growth in business enterprise of this section.

	Capital.	Surplus.	Deposits.	Loans.
February 1, 1905...	$2,124,300	$1,487,413	$10,677,343	$9,682,359
February 1, 1906...	2,303,000	1,630,874	15,014,397	12,691,595
February 1, 1907...	2,903,600	1,931,808	16,561,365	15,332,381

This does not include the operations of numerous buildings and loan associations, and a trust and title company organized in 1906, with a capital of $200,000, and doing a most profitable business in the guaranteeing of titles, loaning on real estate and selling its bonds predicated upon the real estate loaned upon, bearing its own guarantee. Two of Norfolk's banks have, in the past year, increased their capital from $400,000 and $500,000 respectively to $1,000,000; a third from $200,000 to $600,000, the issues of all of them being largely over-subscribed. In the last instance, a stock dividend of 40 per cent. was declared, and the stock sold at 125 after only five years of operation.

That the prospective Exposition is in some measure responsible for this development, will not be questioned; that it will add a stimulus to the financial and commercial interests of the cities surrounding it, can not be doubted. The only question may be as to how great its influence will be; that can only be determined after it is over, and only partially then, as its bearing on this financial growth must be more or less indirect. In the meantime, the financial institutions of these cities by the sea are pursuing the same conservative and progressive policy that has always characterized them, meeting and preparing to meet, any legitimate demands that may be made upon them for capital or efficient service, enjoying and preparing to enjoy any benefits that an increasing prosperity may bring, and aiding and encouraging that prosperity by all legitimate means.

THE ALDRICH BILL.

MESSRS. FISK & ROBINSON, in their "Monthly Bulletin for March," have the following to say concerning the Aldrich Bill, which became a law in the closing days of the Fifty-ninth Congress:

"The Aldrich bill has been regarded by the public and the press generally as merely a compromise measure probably possessing no real effectiveness in meeting the difficulties of currency reform. Careful perusal, however, discloses clearly that the bill not only introduces material reforms in currency matters, but also changes affecting the interests of national banks. In fact, these changes may involve eventually important readjustments in the national currency.

The Aldrich bill may be considered to effect three changes.

(I) To end the necessarily disturbing influences of the Treasury in money market affairs by permitting the Secretary of the Treasury to deposit customs receipts as well as internal revenue in national banks designated as national depositaries. Security may consist of United States bonds and such other securities as are designated by the Secretary of the Treasury on or before January 1st of each year.

(II) To render more elastic national bank circulation by increasing the limit of retirement of bank notes from $3,000,000 as at present, to $9,000,000 per month.

(III) To readjust the classes of currency in circulation, namely, United States Notes, Treasury Notes, Bank Notes, Gold Certificates and

Silver Certificates, by the following changes in their denominations of issue:

(a) By lowering the denomination of gold certificates from $20 as at present to $10.

(b) By gradually replacing United States Notes (greenbacks) of denominations greater than $5 with United States Notes of denominations of $1, $2 and $5.

The effectiveness of the latter amendment is made evident by a consideration of the following table, based on figures published by the Comptroller of the Currency, showing the present currency of the United States by denominations, expressed in millions of dollars.

Denominations.	*U. S. Notes.*	*Treasury Notes.*	*Silver Certificates.*	*Bank Notes.*	*Gold Certificates.*	*Total.*	*At Present.*	*Henceforth.*
Below $5	3.8	0.8	159.3	0.5		163.9	Largely Silver Certificates	Silver Cer'fi'c'ts U. S. Notes
$5	6.3	1.5	290.5	101.5		399.8	Bank Notes Silver Certificates	Bank Notes Silver Cer'fi'c'ts U. S. Notes
$10	281.2	2.4	14.1	247.6		545.3	Bank Notes U. S. Notes	More Bank Notes Fewer U. S. Notes More G. Cer'fi'c'ts
Above $10	56.8	1.8	11.8	246.6	652.6	969.6	Bank Notes U. S. Notes Gold Certificates	More Bank Notes Fewer U. S. Notes More G. Cer'fi'c'ts
Total...	347.6	6.5	475.7	596.2	652.6	2,078.6		

In short, the $338,000,000 United States Notes now of a denomination of $10 or over will become largely of the denomination of, or less than $5; that is, merely subsidiary currency supplementing the present silver certificates. The vacuum thus produced in denominations above $5 will be filled by gold certificates and national bank notes. Of these denominations there are outstanding $652,600,000 gold certificates and $494,200,000 bank notes.

In so far as additions to bank notes, now approximately $600,000,000, shall fill this vacuum, an expansion of the amount of bank notes is possible, ranging eventually from probably twenty per cent. to possibly 40 per cent. increase. While an increase in bank notes naturally suggests a larger demand for government bonds as security therefor, possible speedy retirement of circulation, through the operation of the $9,000,000 per month clause, would make available from time to time a larger supply. It would seem that these conditions are likely to develop increased activity in the government bond market."

REFUNDING OF FOUR PER CENT. BONDS.

ON April 2 the Secretary of the Treasury announced that $50,000,000 of the four per cent. loan, maturing July 1, would be refunded into two per cent. bonds, and that the remainder of the four per cents. outstanding would be redeemed, the interest on them to cease from July 2.

NOTABLE BANK BUILDINGS.

FIRST NATIONAL BANK, CHICAGO.

ONE of the notable bank buildings of the country is that of the First National Bank of Chicago, which was begun in 1902 and was completed early in 1905. It practically fronts on four sides, there being an alley on the north and a court on the west. There is also an interior court measuring 60 by 90 feet, thus providing ample light and ventilation. The construction is entirely fire-proof.

The exterior walls are faced with granite and the court walls with white enameled brick. It has a frontage of 231 feet on Monroe street and 192 feet on Dearborn street, and is eighteen stories high, making it one of the largest office buildings in America. During its erection business was uninterruptedly continued. The west half of the new building

MAIN COURT.

was first constructed without disturbing the old building in the least. When completed, the entire bank paraphernalia was transferred in a few hours, from the old office to the new. While this hegira was in progress workmen began demolishing the old structure and in a few months the completed building was ready for occupancy.

In general the building is in the old Roman style. The first three floors, sixty feet in height, which are occupied by the bank and its dependencies, are marked by a cornice supported on massive Doric pilasters, forty feet in height, inclosing the arched openings of the bank proper. The aggregate height of these three lower stories is equal to that of an ordinary five-story building. The banking-room is thus clearly indicated; its appearance is imposing and in proportion to its magnitude. Above this point the exterior treatment consists of windows simply placed to suit the offices of the typical floors.

The design is severely simple, in keeping with the natural quality of granite, which material is used for the entire fronts of the building. Good and impressive proportions are relied upon for the general effect,

FIRST NATIONAL BANK BUILDING, CHICAGO.

and merely ornamental treatment is everywhere avoided. The purpose is to suggest the strength and dignity of a great financial institution.

There are two main entrances to the bank and office building. The principal one is from Dearborn street. Here the vestibule is sixty feet

Main Entrance.

Main Court.

FIRST NATIONAL BANK, CHICAGO.

wide, entered by twelve doors. It is eighty feet deep, and forty-five feet in height, entirely finished in marble, and with the grand staircase of broad, easy steps ascending twelve feet from the street level to the banking-room floor. On each side of the staircase are five elevators, connecting with all the floors to the top of the building.

The entrance from Monroe street is nearly as important. The vestibule here is twenty-four feet wide by fifty feet deep, with seven elevators to the top of the building, and a broad staircase to the bank.

OFFICERS' QUARTERS.

The main banking-room occupies the entire first floor, twelve feet above the street, 230 feet long, 190 feet wide, and thirty-two feet high, together with an additional floor of corresponding area and fifteen feet in height immediately above, and overlooking it through a central court. These floors are architecturally treated as a unit. The main entrance by the grand staircase from Dearborn street is through an archway opening immediately into the general court, which, measuring 60 by 90 feet, is surrounded by an arcade, and roofed over at a height of fifty feet with a crystal plate-glass dome, thus being brilliantly lighted. From this court broad staircases and a private elevator connect with the First Trust and Savings Bank and the National Safe Deposit Company.

The main banking-office is finished in white marble, the simplicity and dignity of which emphasize the magnificent distances made possible by the ample dimensions of the building. The walls are tinted in a delicate cream, and the capitals of the columns and pilasters as well as the designs in the panelled ceiling are tipped with gold leaf. These furnish the color necessary to bring out the modest impressiveness of the plain marble. The counters, of dark green marble with white marble base, are surmounted by bronze screens of original but simple design. The furniture and fittings are of mahogany and mahogany finish, which give to the entire office behind the counters that quiet subdued air which should obtain in large financial institutions.

In the president's room and in the directors' room mural paintings have been used for decorative purposes with splendid effect. The paintings, six in number, by Oliver Dennett Grover, represent respectively, "Art," "Science," "Commerce," "Labor," "The Right Use of Money," and "The Wrong Use of Money." Before being placed in position they were for some time on exhibition at the Chicago Art Institute, where they aroused considerable admiration.

The great banking-room—indeed, the entire building—unconsciously impresses the observer with the insistent idea of security and solidity, and the history of the First National Bank of Chicago is assurance that this idea will continue to be justified by the institution which gives to the building its name.

WHAT THE PEOPLE EXPECT.

IN a recent address Governor Charles E. Hughes of New York said:

"It is at once apparent that to insure the efficient administration of state governments and the settlement of many of the problems that now vex us, that the state administration emancipate itself from all dependent upon or controlled by private interests of any sort.

There is a determination on the part of the people no longer to be exploited for the benefit of the few through the use of privileges conferred by government, or through favors obtained through corrupt administration. No party alignment or declaration of platform can obscure this supreme issue of the day.

Every movement must be organized to be successful. The people have no complaint to make of organizations as such, but they do demand that party organizations shall not fatten at the public expense. They demand that party leaders shall not be the hirelings of financiers."

The Governor of New York is one of the men in public life who realize what the public want. He also understands that they are going to have their way.

HON. LESLIE M. SHAW.
Former Secretary of the Treasury; President Carnegie Trust Company.

CARNEGIE TRUST COMPANY OF NEW YORK.

HON. LESLIE M. SHAW, FORMER SECRETARY OF THE TREASURY, BECOMES PRESIDENT OF THE NEW INSTITUTION.

OCCASIONALLY a new bank or trust company begins business under auspices that assure large success from the start. This does not happen accidentally, but is the result that follows carefully planned methods of organization.

In forming a bank there are many elements to be taken into consideration. First, is there a field for such a business—in other words, a demand? With the almost illimitable growth of New York, this question can, as a rule, be pretty safely answered affirmatively. The tremendous increase of wealth, of business and of population in this coming world metropolis continually calls for the service of additional financial institutions—provided only that they be of the right sort. The second matter of importance is the character of the organizers, stockholders, directors and officers. Upon this the success of an institution depends primarily. A third matter to be kept in mind is the location; and, finally, the name. Here the observation of the lovelorn maiden on the moonlit balcony does not apply, for there is much in a name—more than is generally realized—when applied to a bank or trust company.

In all the particulars above set forth the Carnegie Trust Company appears to have been fortunately guided. Its field, its location, the character of the management, and its name are all calculated to make a telling appeal to public confidence.

Mr. Carnegie is not interested in the company, though the use of his name was made only after his written consent had been obtained. The selection of this title points to the kind of ideals in financial management held by those who were instrumental in the company's formation—the building up and the conservation of property in a manner designed to aid in the creation and care of wealth, coupled with capacity for financial enterprise and the requisite energy for its prosecution.

The location of the Carnegie Trust Company (temporarily at 142-146 Broadway) will, after the first of May, be the ground floor, basement and sub-basement of the Trinity and United States Realty Building at 111 to 115 Broadway. This situation is near the heart of the great financial district, and the building itself is among the largest and finest in the city, costing when completed upwards of $15,000,000. Ample space will be afforded for the various departments of the company and for the largest safe-deposit department in the world, equipped with armor-plate vaults, constructed by the Bethlehem Steel Corporation.

The Carnegie Trust Company will have the following departments: Banking, trust, home bank, safe-deposit, real estate, bonds and securities, money and exchange, and estates and income—equipping it for the transaction of all business coming properly within the scope of a bank or trust company.

In point of capital equipment, the company begins with a paid-in capital of $1,500,000 and $750,000 surplus, placing it at once in a position of assured strength.

The officers and directors of the Carnegie Trust Company are representative of the best banking experience, of business interests and of public financial administration.

Hon. Leslie M. Shaw, the president of the company, while both a lawyer and a banker, is best known from his public career. He was twice

THE NEW HOME OF THE CARNEGIE TRUST COMPANY.

chosen Governor of Iowa, and five years ago was appointed Secretary of the Treasury by President Roosevelt to succeed Hon. Lyman J. Gage. The record made by Mr. Shaw as Secretary of the Treasury is too well known and too recent to call for extended mention. His courage in establishing precedents—for example, declaring silver dollars to be redeemable in gold, and the plan devised to facilitate gold imports by the banks—and the issue of two per cent. Panama bonds at a premium under his administration, together with the adoption of numerous expedients for relieving monetary tension, all of which were successful, have given him a rank for financial ability equal to any of his distinguished predecessors. He displayed originality and sound judgment, and the results almost universally demonstrated the wisdom of his policy.

CHARLES C. DICKINSON.
Organizer and Vice-President of the Carnegie Trust Company.

On Mr. Shaw's retirement as Secretary of the Treasury on March 4 last, after a service of about five years, he came to New York to accept the presidency of the Carnegie Trust Company.

Charles C. Dickinson, who resigned from the presidency of the company to become honorary vice-president, was the organizer of the Carnegie Trust Company, and also of the Colonial Trust Company, having been vice-president of the latter institution. Frank L. Grant, vice-president, was formerly connected with the Central Trust Company, and J. Ross Curran, vice-president and treasurer, was formerly president of the City Trust Company. Fred H. Parker, secretary of the company, was formerly an examiner of state banks in the State of New York, and Lawrence A. Ramage, the trust officer, was formerly connected with the Central Trust Company.

The directors of the Carnegie Trust Company are:

George Arents, director American Tobacco Company; Robert B Armstrong, former Assistant Secretary of the Treasury; H. Carroll Brown, of H. C. Brown & Company, bankers, New York and Baltimore; Anson W. Burchard, of the General Electric Company; J. Ross Curran, vice-president and treasurer of the Carnegie Trust Company; A. B. Chandler, chairman board of directors Postal Telegraph Company; Chas. C. Dickinson, vice-president Carnegie Trust Company; Frederick H. Eaton, president American Car and Foundry Company; M. B. Fuller, president International Salt Company; Frank L. Grant, vice-president Carnegie Trust Company; Francis Hamilton, attorney-at-law; Arthur P. Heinze, of the Heinze Copper interests; J. W. Harriman, of Harriman & Company, bankers; William A. Keener, of Keener, Lewis & Layng; J. D. Layng, vice-president C. C., C. & St. L. R'y Co.; Alton B. Parker, former Chief Justice Court of Appeals, New York; J. G. Robin, president Washington Savings Bank; Jacob Ruppert, Jr., vice-president Brewers' Board of Trade; Charles M. Schwab, president Bethlehem Steel Corporation; Henry L. Sprague, of Stetson, Jennings & Russell; James Talcott, vice-president New York Board of Trade; Edgar Van Etten, vice-president New York Central and Hudson River R. R. Co.; Horace G. Young, president First National Bank, Albany, and Albany Trust Company; Joseph B. Dickson, of Dickson & Eddy, coal; Frederick Lewisohn, of Lewisohn Bros., capitalists; Leslie M. Shaw, president.

RESPONSIBILITY FOR THE SLUMP.

DIRECTOR HANS SCHUSTER of the Dresdner Bank of Berlin, who recently came to this country, expressed himself as follows in regard to the Union Pacific coup of last August, in an interview published in the New York "Journal of Commerce and Commercial Bulletin" of March 16:

"We could not make it out at first, but subsequent events have gone to show that the extraordinary action then taken was not inspired wholly by business considerations, but largely by stock market possibilities. Evidently Mr. Harriman abruptly raised the Union Pacific dividend by four per cent. all at once for the purpose of raising the price of the shares to enable him to unload. The way Union Pacific has acted since suggests that a large quantity of the stock has passed from strong to weaker hands. Great Northern and Northern Pacific have acted similarly, indicating that Mr. Harriman also took advantage of the high prices he had brought about to liquidate his big holdings of these stocks. The impression created in Europe by such action has been very bad, and Mr. Harriman is held more responsible than President Roosevelt for the lack of confidence in railroad securities."

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE VARIED ACTIVITIES OF A MODERN TRUST COMPANY.

MUCH has been written regarding the functions of the trust company as it exists today, but it is doubtful if the public at large begins to realize even yet how far-reaching and important these functions are.

There is an interesting story to the layman in the varied activities of a large metropolitan trust company and in this regard there is perhaps no more interesting institution than the Guaranty Trust Co. of New York.

This company operates under an unusually broad and liberal charter, dating back to 1864, but has been doing business under its present form since 1891, when it was reorganized with capital of $2,000,000 and surplus of $500,000. This surplus has since increased to $5,500,000, with undivided profits of over $800,000, and the company has made dividend payments of $4,180,000, the annual rate having gradually increased from 6 to 20 per cent.

The business of the company is constituted under five different departments, each one almost an institution in itself.

The Banking Department.

The Banking Department, under the immediate supervision of Mr. William C. Edwards, treasurer, exercises all the functions and affords all the facilities of a general commercial bank. It receives deposits subject to check or on certificates of deposit, allowing the most liberal rates of interest. Its world-wide connections afford unlimited facilities for the collection of items and the transaction of business of any nature or magnitude. Its deposits at this time amount to $50,000,000. Its total receipts for one day have been as high as $25,000,000.

Foreign Exchange Department.

When it is stated that the annual turnover of the Guaranty Trust Co. in its Foreign Exchange Department is nearly a thousand million dollars, or more than three millions every working day, some idea may be had of the volume of business in this, one of the most important departments of the company. This department is really a bank in itself. Its field of operations includes buying exchange drawn against shipments of cotton, corn, provisions, and other commodities; bankers' bills; lending money derived from the sale of long bills upon its European correspondents, selling drafts and cable transfers. Special attention is also given to travelers' letters of credit. The foreign exchange department is in charge of Mr. Max May, formerly manager of a similar department of the First National Bank of Chicago. Customers are also

JOHN W. CASTLES,
President Guaranty Trust Company of New York.

offered the conveniences of a fully equipped London office, at the head of which is Mr. R. C. Wyse.

BOND DEPARTMENT.

Next is the Bond Department, under the close supervision of the vice-presidents, Mr. Alexander J. Hemphill and Mr. George Garr Henry.

This department is equipped for the transaction of a bond business equal in volume to that of some of the largest bond and investment houses in New York City. Besides its capital investment in New York City bonds, the company holds miscellaneous bonds to the amount of nine or ten millions, or as much as are carried by banking houses of $2,000,000 or $3,000,000 capital. Perhaps nine-tenths of these holdings are in railroad issues, but municipals, industrials and other bonds make up the total. With its financial capacity and complete facilities the company is enabled to handle full issues of any magnitude and a complete statistical department permits it to pass competent judgment on the merits of any proposed issue. Mr. Henry of this department, who has lately become vice-president of the company, has had a thorough training in the bond business and was until the recent change connected with the firm of Potter, Choate & Prentice. In Mr. Hemphill, formerly an executive official of the Norfolk & Western Railway Co., the company commands the services of an official thoroughly conversant with the details of railroad management. The details of this department are in charge of Mr. R. W. Speir.

Trust Department.

The Trust Department, in charge of Mr. R. C. Newton, Trust Officer, acts as trustee of corporate mortgages, as executor, trustee, or guardian for estates or individuals and is in fact equipped to act in any fiduciary capacity. As custodian it takes charge of securities deposited with it, and attends to the collection and remittance of interest. Many out-of-town corporations and individuals find it convenient to keep their securities in New York, where their market orders are executed, and so facilitate deliveries. Individuals contemplating an extended absence from the city find relief from responsibility in surrendering to the trust company the custody of their securities during such absence.

Corporations and individuals as parties to agreements frequently avail themselves of the trust company as depositary in escrow of cash or securities awaiting the fulfillment of stipulated conditions of such agreements. Individuals, who wish to arrange for the disposition of their property during their life time, can do so by conveying such property by deed to the Trust Company as trustee.

The maximum fees allowed by law to executors, trustees and guardians are as follows: 5 per cent. on the first thousand dollars, $2\frac{1}{2}$ per cent. on the next $10,000, and 1 per cent. on any amount in excess of such $11,000. Individuals who desire to do so can often obtain a more favorable arrangement by communicating with the trust company at the time of making their wills. For other services the charges are based on a fair return for services rendered.

Registry and Transfer Department.

The Registry and Transfer Department is in charge of Mr. E. C. Hebbard, secretary. In this department the securities of many large corporations are registered and transferred. The advantages and security of such registry are now generally recognized and the expense of this service is borne by the corporations, a facility not enjoyed in other countries. Among the corporations for which the Guaranty Trust

Co. acts as registrar or transfer agent are the United States Steel Corporation, General Electric Co., Interborough Rapid Transit Co., American Car & Foundry Co., National Biscuit Co., Atchison, Topeka & Santa Fe R. R. Co., Pullman Co., Norfolk & Western Railway Co., and Southern Pacific Co. This department also attends to corporate reorganizations, which happily in these prosperous times are not numerous.

From the above it will be seen how numerous, varied and useful to the public are the services performed by a fully-equipped trust company, with ample financial resources, intelligent management and broad connections. It is hardly necessary to speak of the security and safety of such a corporation, with its capital and surplus of more than seven and one-half millions, but, what is of equal importance, the liquid condition of the assets of this institution, with millions of dollars in cash and assets quickly convertible into cash, may be seen from the annexed statement of recent date:

RESOURCES.

Stocks and bonds	$13,146,233.55
Collateral loans	31,446,748.46
Other loans	1,720,024.13
Cash on hand and in bank	7,148,596.19
Foreign Exchange	5,117,652.35
Other assets	111,475.49
Total	$58,690,730.17

LIABILITIES.

Capital	$2,000,000.00
Surplus	5,500,000.00
Undivided profits	898,282.81
Deposits	50,226,609.41
Other liabilities	65,837.95
Total	$58,690,730.17

FIRST NATIONAL BANK OF CHICAGO.

THE First National Bank of Chicago was organized in 1863. and was the eighth institution in the country to receive the approval of the Comptroller of the Currency following the passage of the National Currency Act. The bank opened for business on July 1st of that year and began with a capital of $250,000. Its first president was Edmund Aiken who served the bank until his death, which occurred early in 1867. Samuel M. Nickerson who was vice-president at the time succeeded Mr. Aiken to the presidency and occupied that position until June 20, 1891.

From its inception the bank has had a steady, permanent growth and has successfully weathered the serious financial storms which have threatened our country at different periods during the past forty years.

Its position to-day in the financial world is one of great prominence, as, with the exception of two New York banks, its deposits exceed those of any other American financial institution.

JAMES B. FORGAN,
President First National Bank of Chicago.

During the life of the First National Bank it has occupied several buildings and now is housed in one of the largest and most stately banking buildings in the country. The management has always been very conservative, and this probably more than any other reason is the cause of its present stable condition.

In 1891 when Mr. Nickerson of his own volition resigned, Lyman J. Gage was elected to succeed him. Mr. Gage directed the affairs of the institution until he was called to Washington by President McKinley in 1896. Mr. James B. Forgan, who was then serving as vice-president, was made his successor.

Under Mr. Forgan's administration the bank's growth has been phenomenal. At his instance several progressive policies have been undertaken; one of these, and probably as important as any, being the system of pensions for old clerks,—a system, by the way, which is receiving considerable attention throughout the country. The personnel of the board of directors of the First National Bank has always been indicative of the character of the institution, and includes men prominent in the financial, the social, and the civic life of Chicago, and it is their sound conservatism and intelligent co-operation with the official management which has established the First National Bank of Chicago as one of the world's great banks.

YALE NATIONAL BANK, NEW HAVEN, CONN.

VIEWS are shown herewith of the handsomely remodeled quarters of the Yale National Bank of New Haven, Conn. The Yale Bank began business in the Elm City in 1852 as the Quinnipiac Bank and has played an important part in the city's financial life. The

JOHN T. MANSON,
President.

C. C. BARLOW,
Cashier.

present president, Mr. John T. Manson, is one of the prominent business men of New Haven and became connected with the bank as vice-president in 1903, assuming the presidency one year later. The other officials are: C. C. Barlow, cashier, and H. W. Flint, assistant cashier.

Directors' Room.

Entrance to the Bank.

YALE NATIONAL BANK, NEW HAVEN, CONN.

THE EUROPEAN-AMERICAN NATIONAL BANK OF NEW YORK.

THE European-American National Bank of New York has been organized with a capital of $200,000 and a surplus of $40,000, and opened for business April 15 at the corner of Dey and Greenwich streets.

The directors of the new bank are: Geo. F. Drew, general contractor; M. Frank Dennis, of Dennis & Herring, wholesale provisions; Lyman McCarty, B. & O. R. R.; J. W. Melick, of J. W. Melick & Co.,

OSCAR NEWFANG,
Cashier European-American National Bank, New York City.

produce; Oscar Newfang (cashier); Wm. Grant Brown, Cantwell & Brown, Attorneys; Chas. S. Lee, Lehigh Valley R. R.; F. P. Marsh, capitalist; S. F. B. Morse, president Trinity Zinc, Lead & Smelting Co.; A. J. Simmons, Lehigh Valley R. R.; and Frank Zotti, banker.

The officers are: M. Frank Dennis, president; Frank Zotti, vice-president, and Oscar Newfang, cashier.

The bank will have every facility for transacting a general banking business, including extensive connections abroad, and will extend unusually liberal terms to its correspondents.

Mr. Oscar Newfang, the cashier, is known to our readers as an occasional contributor to this MAGAZINE upon various topics of current interest. He began his banking career in the West, but for the past ten years has made New York his home. He is an experienced credit man, and resigns his position as credit man of the Mechanics & Traders' Bank of New York to enter upon the larger field offered him.

FIRST NATIONAL BANK OF PENSACOLA.

A VIEW is shown herewith of the handsome new bank building now in course of erection for the First National Bank of Pensacola, Florida, of which Mr. William H. Knowles is president and Mr. William K. Hyer, Jr., vice-president and cashier. Work on the building was begun last September and it is expected that it will be completed by midsummer. The cost, when finished and furnished, will be about $90,000.

NEW BUILDING, FIRST NATIONAL BANK, PENSACOLA, FLA.

BEACON TRUST CO., BOSTON.

THE Beacon Trust Co. of Boston, which recently absorbed the Washington Trust Co. of that city, is now counted among the prosperous financial institutions of Boston. On the completion of the merger the Beacon Trust Co. occupied the attractive and up-to-date quarters of the Washington in the new Penn Mutual Building on Milk street.

Mr. Charles B. Jopp, who was elected president of the company shortly after the merger, is making a record in that capacity, the busi-

CHARLES B. JOPP,
President Beacon Trust Co.

Photo by Marceau.

ness of the company having grown steadily under his management. Mr. Jopp was formerly treasurer of the Mercantile Trust Co., which was absorbed in 1906 by the City Trust Co.

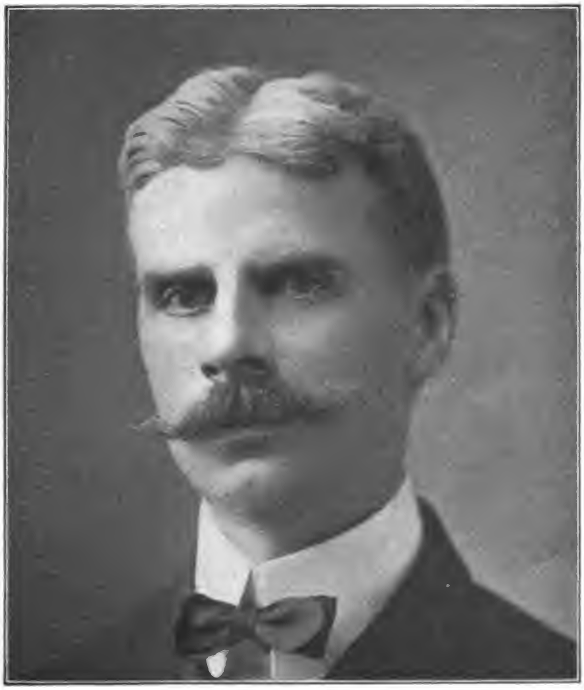
The other officials of the Beacon are: George M. Barnum, Jr., treasurer; George H. Poor, secretary, and Robert G. Shaw, Jr., assistant treasurer.

The latest statement of the company shows the following:

Assets.		*Liabilities.*	
Demand loans......	$1,335,937.13	Capital	$400,000.00
Time loans.........	2,056,863.75	Surplus	200,000.00
Investments	273,023.25	Profit and loss......	100,022.19
Cash on hand and in banks............	878,862.59	Deposits	3,844,664.53
Total	$4,544,686.72	Total	$4,544,686.72

LIVE STOCK NATIONAL BANK, SIOUX CITY, IOWA.

THIS bank is the only one located at the Sioux City stock yards, and pays particular attention to stockyard and packing-house business. The bank is in a flourishing condition, having now about $700,000 deposits. It has a large number of par points.



GEORGE S. PARKER,
President Live Stock National Bank, Sioux City, Iowa.

Geo. S. Parker, who entered upon his duties as president of this bank on January 8, was until December 1st last cashier of the Union Market National Bank of Watertown, Mass., resigning that position to become president of the Live Stock National.

Mr. Parker was born in 1864, and for many years has been prominent in the business and social life of Watertown. After graduating from the high school in 1883, he became a clerk in the Union Market National Bank, and in 1894 was elected cashier. He has been auditor of the Watertown Co-operative Bank since its organization, and has also served as president of the Massachusetts National Bank Cashiers' Association.

NATIONAL BANK OF PERSIA.

ADVICES from Teheran state that the concession for the National Bank of Persia has been signed. The principal conditions are as follows:

The capital is 15,000,000 tomans (about $25,000,000). Foreigners are excluded from participation. All Government revenues not mortgaged are to be collected and all expenditure paid by the bank on behalf of the Government. The bank is empowered to contract mortgages and loans, local and foreign, in accordance with the sacred law. The bank will have priority over all other institutions which may offer the same terms in regard to mines, the pearl-fishery in the Persian Gulf, the construction of roads and railways, and will have the right to issue bank notes when the Imperial Bank of Persia ceases operations through the expiry of its concession, or from any other cause.

A separate agreement is to be concluded between the bank and the Government, under which the latter borrows from the bank 2,000,000 tomans (about $3,333,000) at nine per cent., one-half of the amount being payable before and one-half after March 21st. An additional clause stipulates that the bank concession shall be annulled if the money is not forthcoming.

In commenting on the foregoing the London "Financial Times" adds: "The Imperial Bank of Persia possesses the sole privilege of issuing bank notes in Persia for fifty years to come."

WATERED STOCK.

NEARLY everybody in the world old enough to know his a b c's understands what "watered stock" means. Yet I doubt if all know the origin of the phrase—according to Tip. Once upon a time a man in Vermont drove eighteen cattle to market. Nine cents a pound on the foot had been offered by a butcher. The cattle had to walk thirty-four miles. He allowed two days for the journey, and dosed his drove with salt in abundance. When about half a mile from town he turned the herd into a pond of fresh water and allowed the thirsty beasts to drink almost to bursting, then hurried them to the butcher, had them weighed and went home with a pocketful of money. A few days later he heard from the butcher: "Say, you old skunk, you watered that stock!" (One of Jay Gould's yarns.)—"On the Tip of the Tongue" (New York Press).

LETTERS TO THE EDITOR

THE BANKS OF CUBA.

Editor Bankers' Magazine:

SIR: I was impressed with the conditions of the banks of Cuba as soon as I arrived. The uncertain effects of the revolution of last fall did not appear to disturb the banks very much. I visited nearly all of them and found them doing business in the usual way. Of course the banks run certain risks during a revolution in the country, but the banks of Cuba are used to that sort of thing. Even when they were informed that the soldiers of the rebellious army were organizing to march on Havana, the banks kept their doors open and conducted business. The banking officials are used to stories of proposed looting parties. The banks are well protected against looting, more precautions being taken in this country than elsewhere. That is, more strong bars and doors are in use than one usually sees in most places. The accompanying photographs will give the reader an idea of the character of the powerful doors and bars to the windows. The buildings, while low, like most Cuban edifices, are spread over considerable surface, and ample room is provided for conducting of business.

Bank of Nova Scotia.
(Havana Branch.)

I find the officials of the Cuban banks courteous as a rule. I spoke with a number of the officials in different banks and observed the business-like manner and willingness of these men to accommodate business houses, tourists, army officers and others.

The Havana branch of the Bank of Nova Scotia, Mr. Blair Robertson, manager, has started off in the financial world of this section of the country with excellent prospects ahead. A savings department is organized, and liberal interest is allowed on deposits.

The Royal Bank of Canada is another strong institution having a branch here.

The National Bank of Cuba does a large business with the Government. This bank cashes the checks which the Rural Guard and other employees of the Cuban Government get each pay-day, so that if you happen to want to cash a check on the last day of the month, or the first few days of the new month, you are likely to have to wait your turn in the line for quite a little while. However, the banking people are accommodating, and will assist the foreigner as far as is possible with justice to the others. This bank has been designated as the United States depositary.

In addition to the banks of Cuba, there are the money exchanges where the tourists get the native coin for the American money. In the Philippines, where your correspondent was some time since, the native dollar is worth but about one-half the United States currency of the same denomination. But here in Cuba the native cash is figured at $1.13 at present for 100 cents of our money. The money-changers do quite a business. The banks as a rule simply do the exchanging for you for accommodation. Most of the money exchanging is handled by the regular

National Bank of Cuba.

Strong Doors of Cuban Bank.

money-changers. In some of the banks there are money-changing departments in which a special official manages this section, sometimes on his own account, and sometimes for the bank. There are money-changers in the hotels and in many of the public buildings. There is not much risk taken by the money-changers in opening an office, the work is light, and if there is a good field, the income from the wicker-window is liberal. Hence, there are inducements to open these money-changing departments. The banks of Cuba, of course, have many opportunities for conducting business with the sugar planters, the tobacco growers and other producers of the island. The banks are much interested in some of the brickworks. I visited plantations and manufacturing industries where the capital for the operations of the same came almost entirely from the banks of Havana. It is hard to tell what the planters would do without the annual advance of cash made by the bankers on growing stock.

HAVANA, CUBA. TRAVELLER.

WAGE PAYMENTS AND THEIR INFLUENCE ON THE MONEY MARKET.

Editor Bankers' Magazine:

SIR: The following plan for the relief of the money market is based on the fact that the funds used in wage-payments are almost wholly local in their circulation; and so a purely local system of credit issues would largely suffice. It is evident that currency used in wage-payments is "short circuited." For when put out on one pay day, it has hardly time to be re-accumulated by the bank when the next pay day demands its reissue. Hence its only temporary retention can add nothing to the strength of the bank. Hence, also, the great increase in wages has been a powerful factor in the causes of recent money stringency.

It can be predicated safely that ninety per cent. of wage-disbursements circulate within a radius of five miles of the place of disbursement. Therefore the banks in any locality where considerable amounts are paid in wages could form an association which could issue obligations that would be accepted—and redeemed on demand—by any of those associated banks. Such obligations would be issued to those banks pro rata, or proportionately to the collateral deposited by each as security for the issue, or by auction for premium. As such organizations would be under state charters, the consent of the United States Treasury need not be obtained; although it might be necessary that such associations should be formed by the officers of such banks—acting as individuals. Thus the issues of the association could be received by the banks, as any other paper would be.

Then, in the making up of pay-roll demands at least sixty per cent. of such issues could be substituted for currency; at first, gradually, for disbursement to intelligent employees.

Presumably, such obligations could not be issued in large cities. But the plan would seem feasible in localities where the banks of issue do not exceed ten or twelve. The local clearing-house could furnish the necessary machinery. W. H. Southworth.

Mittineague, Mass.

There is no doubt that it would be beneficial if notes of the character indicated—that is, bank notes—could be issued; but this could not be done under state authority, as the banks chartered by the Federal Government have a monopoly of the note-issuing privilege.—Editor Bankers' Magazine.

DISAPPEARANCE OF OUR TRADE BALANCES.

Editor Bankers' Magazine:

Sir: The following resolution was offered in Congress last week by Hon. Wm. M. Calder, at my request, but owing to the rush of business it failed of adoption. It will be brought up again at the next session. However, if the financial press would take up the matter and point out the grave importance of such an investigation the new Secretary of the Treasury might be influenced to institute it without waiting for instructions from Congress. W. H. Allen.

Brooklyn, N. Y., March 5.

Joint resolution relating to the disappearance of our foreign trade balances.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and hereby is, authorized to appoint a commission of five persons whose duty it shall be to investigate and ascertain what disposition is made of the balances due this country in settlement of its yearly excess of exports of merchandise.

PUBLISHERS ANNOUNCEMENTS

PRACTICAL BANKING QUESTIONS.

In the conduct of banking many questions arise about which the clerks and officers may desire the opinion of other bankers. The Bankers' Magazine invites its subscribers to send in questions relating to practical banking matters, and they will be answered as promptly as possible through the Magazine, without charge.

BANKING CONTRIBUTIONS DESIRED.

We are desirous of obtaining practical contributions relating to the work of banks, savings banks and trust companies. These papers should not be theoretical, but they should deal with the practical day-to-day work of the different departments of the respective classes of institutions. All contributions received will be carefully read, and if accepted will be promptly paid for on publication. If not accepted, they will be returned.

Articles need not be long—in fact, brief but helpful suggestions for improving methods of banking will be especially welcomed.

BANK DIRECTORS.

Bank Directors, Their Powers, Duties and Liabilities. By John J. Crawford, author of the Negotiable Instruments Act. New York: The Bankers Publishing Co.

Every bank officer who is interested in promoting the welfare of his institution will be glad to have just such a handy little book as this to place in the hands of his directors. It tells in a concise yet complete form just what the law requires of bank directors. These are times when the courts are showing a disposition to hold directors of all corporations strictly accountable for any dereliction in performing their duties, and it is essential that bank directors should be fully informed as to the requirements of the state and national banking laws. If directors could be made to realize their duties, as laid down in the principles enunciated by Mr. Crawford, it would result in raising the reputation of the banks for safety, thus enlarging their business and enhancing their profits.

MODERN BANKING METHODS.

Modern Banking Methods. By A. R. Barrett (Fifth Edition.) Price, $4. New York: The Bankers Publishing Co.

That Mr. Barrett's work should have reached a fifth edition in such a short time—the first impression having appeared in 1902—indicates that it must have been well suited to meet the demand for practical banking information among the bank officers and bank clerks of the country.

This work treats of bank organization and management from the standpoint of one who has had long experience in bank work and as a bank examiner. Bank accounting is also dealt with fully and practically, substantially every book and blank used by a bank being fully explained and illustrated by photographic forms filled up to represent actual transactions. Progressive methods of conducting the various departments of bank work are also clearly described.

Barrett's Modern Banking Methods has been adopted as the textbook on practical banking in the study course of the American Institute of Bank Clerks. It is recognized as the latest and best book on practical banking.

CHECK GIVEN FOR GAMBLING DEBT.

RECENTLY the London (Eng.) Court of Appeals rendered an interesting decision in regard to a check given to pay a gambling debt. In the original proceedings the manager of the Cercle Algerian, a private club at Algiers, sued a certain Owen for 11,000 francs—about $2,200. The manager had advanced this amount partly in cash and partly in counters to enable Owen to pay his losses and to continue playing the game, which was baccarat.

Owen gave in exchange a check drawn in English on a London bank. The check was afterward dishonored. Owen pleaded a statute of Queen Anne, which made checks drawn for gaming purposes utterly void, and also a statute of 1835, which made void checks drawn and given for an illegal consideration.

The judge gave a verdict in favor of the manager, holding that the statutes quoted struck at gaming in England alone, and as baccarat is legal at Algiers the plaintiff could recover on a check in England. On appeal, this judgment was reversed, two out of the three Lords of Appeal declaring against the manager's claim. They held that the law to be applied was the law of the place where the bill was payable. Therefore, as the check was payable in England it was entirely England's transaction and the statute of Queen Anne applied. The third Lord differed, suggesting as a parallel that as tobacco growing in England was illegal a check knowingly given for tobacco grown in England would be invalid, but an English check given for tobacco grown in France would not be illegal.

A NOVEL DEPOSIT.

RECENTLY the Boonville (Ind.) National Bank received a novel deposit, which was a box containing the ashes of Dr. Charles Keegan, who founded the bank in 1874. Dr. Keegan's body was cremated, and it was in obedience to his request that his ashes were placed in the vault of the bank he founded.

BANKING PUBLICITY

THE YOUNG MAN IN BUSINESS.

MANY young men just starting out on a business career have been helped by the sound advice and financial assistance of their bankers. If a young man is of the right stamp, and has business ability, it is very much to the interest of his bank to afford him every encouragement consistent with safe banking. A bank that has helped a man to build up his business from small beginnings is in a position to reap the advantages that follow when the business has grown to large proportions.

YOUNG men will do well to investigate the advantages offered them by this bank in financing their business.

The management will be glad to talk over with them any plan of coöperation looking to the advancement of their interests.

The First National Bank

202 Devonshire Street

The young man in business lacks the experience of his elders, it is true; but he has the hopefulness, energy and activity of youth, and if besides these he also possesses character and the "demonstrated ability successfully to conduct a small business," the bank that co-operates with him in a judicious extension of his enterprise is doing good work for him, for the community and for itself.

This fact, of course, is fully recognized by progressively-managed banks. This is evidenced by the recent advertising of at least two prominent banks—the First National of Boston and the National Bank of the Republic, Chicago. These advertisements, which are reproduced herewith, indicate a desire to attract the accounts of young business men. It is a part of the building-up process which is one of the most commendable attributes of banking.

The young business man
who has demonstrated ability successfully to conduct a small business will receive special attention and consideration from

THE NATIONAL BANK OF THE REPUBLIC

BOARD OF DIRECTORS

ROBERT MATHER Pres. Rock Island R. R. System	JOHN R. MORRON Pres. Diamond Glue Co.	ROLLIN A. KEYES Franklin MacVeagh & Co.
LOUIS F. SWIFT Pres. Swift & Company	CHAS. H. CONOVER Vice-Pres. Hibbard, Spencer, Bartlett & Co.	JOHN A. LYNCH President
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E. B. STRONG Capitalist	HENRY SIEGEL Pres. Simpson-Crawford Co., New York	H. W. HEINRICHS Vice-Pres. M. D. Wells Co.
FRANK O. LOWDEN Attorney		W. T. FENTON Vice-President

Capital, Surplus and Profits, $3,000,000. La Salle and Monroe Streets

The young man who hopes to succeed in business ought to use great care in selecting his bank, for it is a most important instrumentality in his success.

BANKERS AD. ASSOCIATION OF PITTSBURGH.

THE annual election of officers of the Bankers Ad Association of Pittsburgh was held recently, following an informal dinner in a private dining room of the Annex Hotel. The board of managers selected is as follows: George K. Reed, assistant secretary Colonial Trust Company; David C. Wills, cashier Diamond National Bank; James K. Duff, secretary and treasurer Peoples Savings Bank; Alexander Dunbar, secretary and treasurer Guarantee Title and Trust Company; Edwin B. Wilson, advertising manager Real Estate Trust Company; W. L. McCullagh, advertising manager Pittsburgh Bank for Savings; A. D. Sallee, credit and advertising manager Mellen National Bank; Paul C. Dunlevey, treasurer East End Savings and Trust Company; H. S. Hershberger, vice-president and treasurer West End Savings Bank and Trust Company.

The board organized by electing the following officers: President, George K. Reed; first vice-president, David C. Wills; second vice-president, Alexander Dunbar; secretary-treasurer, Edwin B. Wilson. Affairs of the association are in a flourishing condition and it is expected soon to broaden its scope by receiving members from all banking concerns of Allegheny county that advertise their business.

FROM CURRENT ADVERTISING.

YOUR expenses for 1907 may be easily regulated by paying all your bills by check. You will spend less; you will know where it goes, and your paid checks are receipts.—Pittsburg Trust Co.

Collective foresight excels individual foresight in an exact ratio. The function of a trust company is collective in every sense.—Guardian Trust Co., New York.

Many estates have been dissipated by the carelessness, incompetence, disability or dishonesty of individual executors. Insurance against this risk for your estate may be had by appointing a trust company executor. —Colonial Trust Co., Baltimore.

Safeguarding of principal does not necessitate forfeiting good income.—F. L. Fuller & Co., Philadelphia.

The habit of saving money is easily acquired. Try it for a year or two. The result will surprise you.—Salem (Mass.) Five Cents Savings Bank.

On the expiration of an endowment policy and having a large sum of ready money on hand, a person often wonders just what to do with the amount. You may have been planning to use this money for years—but conditions may not be right. Many persons intend to build—but under present conditions this is unprofitable. During the period pending decision, place your money for security with this strong trust company, where it will earn four per cent. interest, compounded semi-annually.—Colonial Trust Co., Pittsburgh.

The spirit of co-operation is the spirit of "the common good." Between a bank and its patrons it is essential. The National Exchange Bank regards the interests of its depositors as identical with its own and adopts, in every department, such methods as will make its service emphasize this view. Your account is desired upon this basis of mutual advantage.—National Exchange Bank, Baltimore.

Start your children right. It is more important to inculcate in your children the right principles of life than to leave them a million dollars. Teach them to save money and they will never want.—Citizens Savings Bank, Detroit.

Nearly a century of experience—that counts for a good deal in giving helpful banking service.—Bank of Pittsburgh.

INDISPUTABLE FACTS.

Our growth has been sure and steady.
We carry $34,000 State of South Carolina bonds.
Our surplus is over $22,000.
We pay eight per cent. dividends to our shareholders.
Our stock is selling at $150 per share.
We pay four per cent. interest quarterly.
Our officers and employees are all bonded.
We are members American Bankers' Association.
Our patrons are our best advertisers.
We seek your business, however small.
Our courtesy and conservativeness are trade marks.
We make the personal acquaintance of our patrons.
Our methods are progressive and up-to-date.
We endeavor to advance the interests of our customers.
Our Directory is as strong as Charleston affords.
We try to lend money where it will help Charleston.—Enterprise Bank, Charleston, S. C.

Patrons of the Old Colony Trust Company enjoy every privilege, accommodation and courtesy obtainable elsewhere, and have the additional advantage of dealing with the trust company that is the largest in Massachusetts.—Old Colony Trust Co., Boston.

The Security of a bank account depends largely upon the character and experience of the directors of the bank. This company, with the protection of resources aggregating $24,000,000, offers also the advantage of a conservative and wise management under directors who number men at the head of New England's leading enterprises.—City Trust Co., Boston.

A NOVEL BANK ADV. FROM HELENA, ARK.

The Main Highway to Success Is the Savings Account

Not one man in a thousand that ever gets a start in life (unless he inherits it) does so outside of the beaten path of regular savings. It is the one safe *sure* way of getting on your feet Get ahead a few hundred dollars. It will open the way to better things.

Let Your Savings Work Too.

Des Moines Savings Bank

Eight Millions of Resources

N. W. Corner West Fifth and Walnut

AN IOWA SAVINGS BANK ADV.

This appeared originally in a 6-inch double-column newspaper space.

CHANGE IN A WELL-KNOWN BANK EMBLEM.

THE change in name of the New York National Exchange Bank, owing to the absorption of the Irving National, has necessitated a change in the well-known emblem which has so long been prominently identified with this bank. The diamond form still remains, but instead of the "B—L" it now appears as shown herewith, accompanied by the crisp phrase, "The mark of Excellent Service."

IRVING NATIONAL N.Y. EXCHANGE BANK.

A 200-YEAR REFERENCE CALENDAR.

REFERENCE calendars covering a period of years are usually so complicated as to defeat in a measure their usefulness. The Fort Dearborn National Bank of Chicago has, however, issued a 200-year calendar which can be easily and quickly consulted. It is in the form of a pamphlet containing fourteen calendars on separate pages, one of which fits any year from 1776 to 1976. With the correct years at the top of each page and a suitable index the 200-year calendar is complete.

TRUST COMPANY ADVERTISING.

EDITOR Banking Publicity Department:

I enclose a half dozen of our recent trust department ads. and a few others relating to safe deposit, for reproduction if you see fit. Most of the comment on bank advertising and most of the bank or trust company ads. reproduced in the advertising journals, seem to be devoted to the banking department, and more particularly the savings department, and generally they all revolve around the same few themes:

The entire costs of administration and more have been saved to more than one large estate that has passed through our hands as executor under a will by the prudent administration of our Trust Department and because of the advantages a strong, well-organized Trust Company inevitably possesses over an individual in attending to the varied details connected with settling an estate.

We invite your consultation.

AMERICAN SECURITY AND TRUST COMPANY

Northwest corner of Fifteenth and Pennsylvania avenue.

There are specialists and specialists, of course. As specialists in the execution of trusts, we invite your consultation and critical examination of our methods and facilities for handling all the delicate and important details connected with the many and varied estates in our charge as trustee.

AMERICAN SECURITY AND TRUST COMPANY

Northwest corner of Fifteenth and Pennsylvania avenue.

What are the qualities you desire in the executor or trustee of your estate.

You will not be able to think of one desirable quality that is not part of this company's service, nor an undesirable quality that is.

$4,500,000

Capital and Surplus.

AMERICAN SECURITY AND TRUST COMPANY

Northwest corner of Fifteenth and Pennsylvania avenue.

In the matter alone of prompt and profitable investment of estate funds

AMERICAN SECURITY AND TRUST COMPANY

has many advantages over an individual trustee. Its officers and directors, from the nature of their business, are constantly well posted on the value of investment securities, and the best class of safe investments are customarily first offered to the strong trust companies. Handling many estates, prompt investment of funds (and a consequent saving in interest) is frequently effected by dividing an investment among several estates.

In serious illness, in serious legal difficu'- ties, in business troubles, you call in a specialist. Isn't the administration of your estate, the exact carrying out of your instructions, the prudent and judicious management of your property an important enough matter for you to desire for it a specialist's attention?

Trust companies are specialists in the execution of wills, handling of estates, and all matters of a fiduciary nature.

In the matter of charges the comparison fails because the trust company charges no more than the most incompetent individual trustee.

AMERICAN SECURITY AND TRUST COMPANY

Northwest corner of Fifteenth and Pennsylvania avenue.

Trustee under private agreement. If for any reason you desire to be relieved of personal attention to your affairs, or a part of them, for a short period or a long one, the burden can easily be transferred to

AMERICAN SECURITY AND TRUST COMPANY

Northwest corner of Fifteenth and Pennsylvania avenue.

Your wife may be one of your executors and we as the other would relieve her of all the worry and detail connected with the administration of an estate.

We cordially invite you to consult us about this or any other matter pertaining to trusts.

$4,500,000

Capital and Surplus.

AMERICAN SECURITY AND TRUST COMPANY

Northwest corner of Fifteenth and Pennsylvania avenue.

The actual charges for executing a trust, such, for example, as the administration of an estate, are no greater whether an individual or

AMERICAN SECURITY AND TRUST COMPANY

is appointed as trustee.

The actual cost to the estate, however, is likely to be much less in the event of its being administered by our Trust Department, which is organized, equipped, and widely experienced in this special class of work.

Northwest corner of Fifteenth and Pennsylvania avenue.

SOME SPECIMEN ADS. OF THE AMERICAN SECURITY & TRUST CO., WASHINGTON, D. C.

"Save a little money every week," "Thrift the foundation of success," "Money at interest grows," "You will not miss a few dimes (or dollars) each pay day," etc. These are all very good and true—and sometimes trite—and furthermore I am convinced they start many a man on the sensible road of saving.

But trust companies are not all savings banks. They all are trustee corporations, however, and in fact their chief function primarily is in trust relationships. It is a good deal easier to advertise the banking functions, and the results are quicker and more apparent, but the trustee functions need the aid of publicity more than the banking, because they are less understood by the general public. Advertising for trust companies requires faith and courage, not to mention intelligence, for the returns from the expenditure seldom are traceable, and are apt in any event to be long in coming.

More light from experience and wisdom on this phase of advertising would be welcome, I am confident, by all interested in trust company advertising. Therefore this letter and these few ads. to open the experience meeting.

Yours very truly,

C. A. Aspinwall,

Adv. Manager, American Security & Trust Co.

Washington, Jan. 8, 1907.

BANKING PUBLICITY NOTES.

FATHER TIME with his scythe and hour-glass is used effectively in the December 31st statement of the Reserve Trust Co. of Cleveland. It is a folder of large size, printed in two colors on hand-made paper, and contains handsome views of the company's main and branch offices.

+

The Phenix National Bank of New York, with a commendable desire for complete publicity, following the custom established a year ago, has issued a statement under date of Jan. 26, 1907, in which it reproduces the statement sent to the Comptroller at Washington. It shows the loans exceeding the prescribed limit (none); liabilities of officers and directors, holding 31,560 shares of stock (none); bad debts (none); suspended and overdue paper (none); and a schedule of bonds, securities, etc., including those taken for debt, which, by the way, have a market value far above that carried on the books. The certificate of the examining committee of directors is also given. It is a statement of which the officers and directors of the bank may well be proud.

+

The new banking rooms of the Springfield (Mass.) National Bank are illustrated and described in a handsome booklet just issued by that enterprising institution. It is an excellent sample of modern art in printing and will doubtless bring to the bank many new customers. An embossed cover in green and gold on heavy white stock adds greatly to the beauty of the book.

+

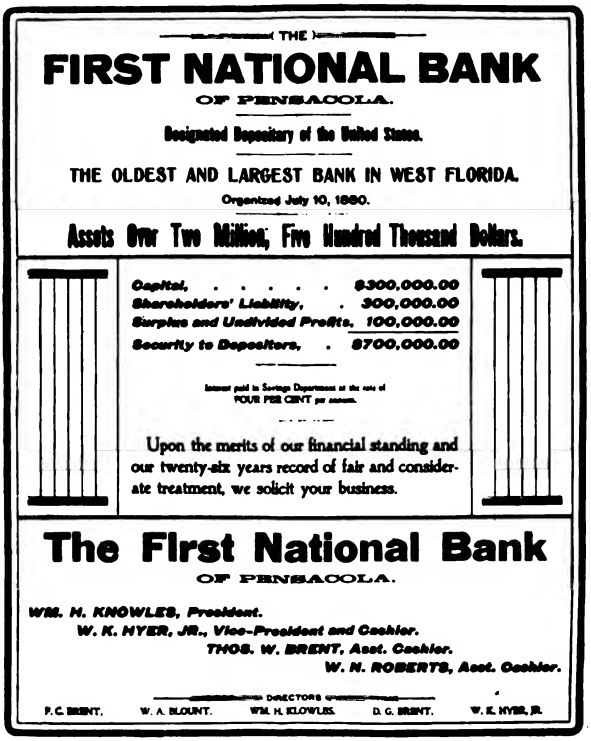
The thirty-seventh annual statement of the Royal Bank of Canada is a handsome and comprehensive document. It is a large pamphlet exquisitely printed and bound, and contains besides the annual statement of the bank a mass of information about Canada, including area, population, public debt, imports and exports, duties, free list, agricultural and mineral products, bank clearings and deposits, immigration, etc. The statement of the bank shows a gain in deposits for the year of $7,000,-000, to $36,891,864.22, and a gain in assets of $9,000,000, to $45,437,-

516.98. The net profits for the year were $604,495.77 and the total surplus Dec. 31, 1906, $4,390,000.

+

An excellent piece of typographical work is the booklet recently issued by the International Trust Co. of Maryland, Baltimore. It contains a beautiful reproduction of the company's fine building, the statement of Dec. 31st and the report of the complete examination of the company by Lybrand, Ross Bros. & Montgomery, certified public accountants.

+



A RECENT FULL-PAGE NEWSPAPER ADV.

+

"How Savings Grow," "Choosing a Bank," and "The Services Rendered by a Trust Company," are the titles of the latest booklets issued by the Cleveland Trust Co. They are executed in the same high-class style as are all the publications of this company.

+

Handsome postal cards have been issued recently for the Mississippi Valley Trust Co. of St. Louis, showing the exterior and interior of its fine building.

+

The Northern National Bank of Ashland, Wis., marks its twentieth anniversary by the issuance of a booklet showing among other things its dividend record and a complete list of its stockholders. The booklet has an embossed cover bearing a cut of the bank's fine building.

✚

The latest statement of the Plainfield (N. J.) Trust Co. is printed on rough brown paper with beautiful illustrations of its building in photogravure.

✚

A recent statement of the Security Storage & Trust Co. of Baltimore is a unique and handsomely printed production.

✚

The South Omaha (Neb.) National Bank calls attention to its twentieth anniversary in an attractive statement.

✚

The seventeenth annual report of the American Security & Trust Co. of Washington is printed in pamphlet form in that company's usual excellent style and presents its information in very complete form.

✚

A monthly publication called "At the Market" is issued by the stock exchange house of Bartlett, Frazier & Carrington, Chicago and New York. It is excellently printed and gives a variety of valuable information.

✚

Although annual reports are as a rule rather dry reading the fifty-ninth annual of the Eutaw Savings Bank of Baltimore is presented in attractive typographical form and shows clearly the high standing of this flourishing institution.

A QUESTION OF EGGS.

STRANGE complications have arisen owing to the recent discussions about "tainted money." Here is a nice ethical question, which comes via Berlin, having been taken from the speech of President Hessenberg at the annual dinner of the American Association of Commerce and Trade on February 18:

"Among the farmers' wives of Kentucky a hot dispute has recently arisen as to whether it is right to use for profane purposes the money received for eggs their hens lay on a Sunday. As it is feared the hens could not be coerced into due observance of the Sabbath, some other way out of the difficulty had to be found, and after much discussion it was finally decided that the desecration of the Sabbath could only be made good by devoting the proceeds from the sale of the Sunday's eggs to some religious object. It was therefore resolved to devote the money to foreign missions, and actually on January 1 it was announced that a sufficient number had been collected to equip and send out four missionaries to convert the heathen."

Such subterfuges encourage heresy. Is the taint attaching to the money of the trust magnate removed because his money is devoted to educating and elevating the heathen?

MONEY, TRADE AND INVESTMENTS

NEW YORK, April 4, 1907.

A SERIES OF DECLINES IN THE STOCK MARKET will long make the month of March memorable in financial circles. So uncertain were the causes which brought about the collapse in prices that the shaking up has already been dubbed the "Mystery Panic." The stock market was weak at the beginning of the month, and on March 4 there was a sharp decline in the entire list, with Great Northern in the lead, suffering a drop of ten per cent. With alternate advances and declines the market continued in a nervous state until on March 13 there was another extensive fall, Reading declining 12½ per cent., Great Northern twelve per cent., and Northern Pacific and Union Pacific each over ten per cent. On the following day, March 14, the market became utterly demoralized, with sensational declines of twenty-five per cent. in Union Pacific, twenty-four per cent. in Reading, eighteen per cent. in Amalgamated Copper, and 14½ per cent. in St. Paul. After an interval of about a week, the market suffered another collapse on March 22, 23 and 25. A partial recovery occurring in the last few days of the month.

It has been estimated that the shrinkage in values of railroad stocks in the past month, as compared with the best prices ruling early in the year, was in excess of $2,000,000,000. That the market should have suffered such extensive declines without any serious failure being reported is one of the remarkable features of the situation. Rarely have stock values suffered so large declines in so short a period as are shown in a comparison of the lowest prices recorded last month with the highest prices ruling since January 1. A partial list of the largest declines is presented as follows:

THE DECLINE IN STOCKS.

	Decline Per Cent.		*Decline Per Cent.*
Atchison, Topeka & Santa Fe	25⅝	Reading	48⅛
Atlantic Coast Line	39⅛	Southern Pacific	26½
Baltimore & Ohio	31⅞	Union Pacific.	62¾
Brooklyn Rapid Transit	38⅜	Amalgamated Copper	43⅜
Canadian Pacific	40⅛	American Locomotive	20
Central of New Jersey	54⅛	American Smelting	50¾
Chicago, Milwaukee & St. Paul.	35	American Sugar	22⅝
Chicago & North Western	67⅛	Anaconda Copper	90¾
Chicago, St. Paul, Minn. & Omaha	50	Consolidated Gas	30¼
Cleveland, Cincinnati, Chicago & St. L.	29¾	General Electric	26⅛
Delaware & Hudson	60⅛	National Lead	27¼
Delaware, Lackawanna & Western	65	New York Air Brake	41⅛
Erie	22¾	North American	20⅛
Great Northern (preferred)	63¾	Pacific Mail	20
Illinois Central	38	Pressed Steel Car	27
Louisville & Nashville	37⅛	Pullman	31⅛
Missouri Pacific	28¾	Tennessee Coal & Iron	32
New York Central	23¼	United States Steel	18⅞
Norfolk & Western	21¼	United States Steel (preferred)	16¼
Northern Pacific	75¼	Virginia Iron & Coal	42
Pennsylvania	27⅜		

The declines shown above have all occurred during a period of less than three months. Seldom has the stock market suffered so serious a strain without carrying in its wake a long list of failures. Not only have stocks declined in value but bonds of all classes, the best as well as the least meritorious, have been falling in price, until the income which they yield upon present market values would seem attractive enough to stimulate an active investment demand. Nevertheless, the bond market is inactive and the sales so far this year of bonds have been only about one-half of the amount recorded in the first quarter of 1906, and only about one-third of the total in 1905. In fact, the sales have been the smallest since 1897.

Underlying the present financial situation is a feeling of unrest and uncertainty arising from the conflict now going on between government and corporations. Back of it is an aroused public sentiment demanding a regulation of those corporations which have to a greater or less degree the power to affect public interests. State legislatures are flooded with bills relating to corporations. In Kansas alone it is stated seventy-three railroad bills were presented at the last session, and ten have been made laws. Other states have been as active. Between the national Administration and certain prominent railroad magnates a bitter controversy has arisen which is stirring the depths of political scandal.

On the other hand, there have been revelations regarding the management of railroad properties in the past which have tended to inflame the public mind, and to disturb confidence. The disclosures relative to the financing of the Chicago and Alton Railroad in the last few years have naturally attracted wide-spread comment. For years their property paid regularly eight per cent. dividends annually on both its common and preferred stock, and the market value of these stocks was steadily maintained at considerably above par. The following statement shows what the Chicago and Alton property was as a dividend-earner and how investors considered its stocks as an investment during the period from 1891 to 1899:

Chicago and Alton 1891-1899.

Year Ended December 31.	*Dividends Paid.*	*Surplus over Dividends.*	Rate of Dividends		Price of Stocks.			
			Common Stock.	*Preferred Stock.*	*Common Stock.*		*Preferred Stock.*	
			Per Cent.	*Per Cent.*	*High.*	*Low.*	*High.*	*Low.*
1891............	$1,407,560	$223,067	8	8	141	123	165	148½
1892............	1,407,560	207,046	8	8	154	189½	165	162
1893............	1,582,886	72,727	8	8	145½	126	170	170
1894............	1,729,424	196,986	8	8	146½	130	160	160
1895............	1,778,448	236,908	8	8	170	145	180	167
1896............	1,778,448	17,833	8	8	164	146	165	165
1897............	1,611,718	81,826	7¼	7¼	170	147	175¼	161½
1898............	1,556,142	60,070	7	7	172	150	175	166
1899............	1,556,142	287,457	7	7	175½	168	199	192

In March, 1899, the property came into the control of a syndicate which purchased ninety-seven per cent. of the stock of both classes. Shortly after $40,000,000 of three per cent. bonds were authorized, and $32,000,000 of the amount was sold to the syndicate at sixty-five, which resold them at ninety. In May, 1900, a thirty per cent. cash dividend was paid out of the proceeds of the bonds, and the syndicate received that. Then an issue of $22,000,000 bonds was sold, the syndicate taking them at sixty and reselling them at eighty. Altogether the syndicate profited to the extent of $22,000,000 or $23,000,000. A new company was formed to take over the old, and at the end of seven years the Chicago and Alton found itself with a capitalization of $125,000,000 compared with less than $24,000,000 at the beginning. The dividends paid on the new stocks and the prices at which the latter ruled in the five years ended June 30, 1905, are shown in the following table:

CHICAGO AND ALTON 1901-1905.

YEAR ENDED JUNE 30.	Dividends Paid.	Surplus over Dividends.	RATE OF DIVIDENDS: Common Stock. Per Cent.	RATE OF DIVIDENDS: Preferred Stock. Per Cent.	PRICE OF STOCKS: Common Stock. High.	PRICE OF STOCKS: Common Stock. Low.	PRICE OF STOCKS: Preferred Stock. High.	PRICE OF STOCKS: Preferred Stock. Low.
1901	$781,760	$67,147	0	4	50½	27	82¼	72½
1902	781,760	48,582	0	4	45¾	33½	79¾	74½
1903	781,760	69,281	0	4	45⅜	25	79	66¼
1904	781,760	123,908	0	4	40	18½	85¼	75
1905	781,760	151,407	0	4	47¼	31	85	77¼

The 1906 figures are omitted, as the old and new companies were consolidated in March, 1906, and exact comparisons are impossible. It is sufficient to say that the stock which represents the old eight per cent. common stock, is paying no dividends, and sold last month down to 14¾. Such an exhibition of modern finance cannot but have a stimulating effect upon demagogism. Several interviews were had between prominent railroad officials and bankers and the President of the United States during the month. Mr. J. P. Morgan conferred with President Roosevelt and urged an interview with the presidents of four leading railroads, but nothing came of it. The Administration seems to have settled upon a fixed policy of enforcing more stringent regulations governing the operation of the railroads.

The money situation has not been encouraging during the month, and on March 16 call money touched twenty-five per cent. Bank reserves were low until near the end of the month, when they increased and rates for money declined.

On March 4 Mr. Cortelyou entered upon the office of Secretary of the Treasury, and in the first month of his administration he was confronted with the problem of relieving the money market. On March 14 the Secretary announced that customs receipts might be deposited in banks, and he offered to redeem immediately $25,000,000 of the four per cent. bonds maturing on July 1.

This last offer produced more substantial results than similar offers made by Mr. Cortelyou's predecessor. In December Secretary Shaw offered to purchase $10,000,000 of these bonds, and only about $2,000,000 were presented. In February he offered to take $25,000,000, and only about $2,000,000 were presented under that offer. Nearly $12,000,000, however, were retired since Secretary Cortelyou made his announcement.

Since the close of the month the Secretary in an official circular has published his plan for retiring the bonds maturing on July 1 next. The circular states that between April 6 and June 30 the Secretary will receive $50,000,000 of the bonds for refunding into two per cent. bonds authorized by the Act of March 14, 1900. The remainder of the bonds have been called in for redemption on July 2, when interest will cease.

The Government has sufficient available funds on hand to retire the entire issue of bonds of which there are only about $99,800,000 outstanding. The cash balance on March 31 was $252,000,000, of which $165,000,000 was in national bank depositaries. By reducing the deposits in the banks the Government could pay all the bonds, but the national banks have nearly $27,500,000 of these bonds deposited to secure circulation and $9,500,000 to secure public deposits. The object of the Secretary in refunding $50,000,000 of the bonds is to prevent a contraction in bank currency.

The retirement of the four per cent. bonds will leave no bonds outstanding issued prior to 1895. The 4s of 1907 were the last bonds issued for the purpose of resuming specie payments on January 1, 1879. The oldest issues now outstanding are the four per cents. of 1895-1896, which were issued during Mr. Cleveland's administration for the purpose of replenishing the gold reserve, and incidentally to provide for a deficit in the revenues. The following statement shows the present bonded debt of the Government:

Bonded Debt of the Government.

	Issued.	*Redeemable.*	*Rate.*	*Amount Issued.*	*Outstanding Mar. 31, 1907.*
Funded loan of 1907..........	1877-1879	July 1, 1907	4 per cent.	$740,934,200	$99,830,800
Refunding certificates.......	1879	-	4 " "	40,012,750	25,150
Loan of 1925.......	1895-1896	Feb. 1, 1925	4 " "	162,315,400	118,489,900
Loan of 1908-1918............	1898	Aug. 1, 1908	3 " "	198,792,660	63,945,460
Consols of 1930................	1900	April 1, 1930	2 " "	595,942,350	595,942,350
Panama Canal loan	1906	Aug. 1, 1916	2 " "	30,000,000	30,000,000
Total......................	....	....	....	$1,767,997,360	$908,233,660

The refunding certificates are in denominations of $10 and are convertible into four per cent. bonds of 1907. With the retirement of these bonds the total debt will consist of about $676,000,000 two per cent. bonds, $64,000,000 three per cents., and $118,000,000 four per cents. The three per cent. bonds will mature in 1908 and then none will be redeemable until 1916.

An event of no little significance as indicative of the strain under which the money markets not only here but abroad have been under was the advance in the discount rate of the Bank of France on March 21 from three to $3\frac{1}{2}$ per cent. For nearly seven years that institution has maintained its rate at three per cent. although on several occasions the situation was such that an advance would have seemed to be almost unevitable. The Bank of France has, however, been persistent in its policy of preventing if possible, fluctuations in the interest rate which might prove serious to the legitimate interests of the country. It stuck to its three per cent. rate even while the Bank of England had made a six per cent. rate and London was drawing upon the reserves of the Bank of France for gold that it sorely needed. During the Russo-Japanese War, when more than once a serious crisis seemed impending, the Bank of France adhered to its policy of making no change in the rate of discount. How consistently she has carried out this policy is apparent in the following record of changes made in the rate in the last twenty-five years.

RATES OF DISCOUNT OF THE BANK OF FRANCE.

	Rate.		Rate.		Rate.
Feb. 20, 1883.....3	per cent.	Feb. 7, 1889.....3	per cent.	Dec. 21, 1899.....4½	per cent.
Feb. 15, 1888.....2½	"	May 19, 1892. ...2½	"	Jan. 11, 1900.....4	"
Sept. 12, 1888.....3½	"	Mar. 14, 189 2	"	Jan. 25, 1900.....3½	"
Oct. 4, 1888.....4½	"	Oct. 18, 1898... .3	"	May 25, 1900.....3	"
Dec. 12, 1888.....4	"	Dec. 7, 1899.....3½	"	Mar. 21, 1907.....3½	"
Jan. 24, 1889.....3½	"				

Until the advance last month the Bank of France raised its rates only five times, representing only two periods in twenty-five years. The last previous advance was in 1898 and 1899, when the Boer War caused serious disturbance in the money markets of Europe. That an advance should be made at this time indicates that the management of the bank considers the situation exceptionally serious.

The Bank of England has not pursued the same policy, for changes in its rate have not only been frequent but of much greater scope. In twenty-seven years there have been only four years in which the rate has not at some time been four per cent. or higher, and in six years the rate has been as high as six per cent. The latter rate was maintained from October 20, 1906, to January 17, 1907, and the present rate is five per cent., or 1½ per cent. above the present rate of the Bank of France. The range in rates of the Bank of England and the yearly average since 1880 are shown as follows:

BANK OF ENGLAND DISCOUNT RATES.

Year.	Range Per Cent.	Average Per Cent.	Year.	Range Per Cent.	Average Per Cent.	Year.	Range Per Cent.	Average Per Cent.
1880........	2½ @ 3	2.76	1889	2½ @ 6	3.56	1898........	2½ @ 4	3.25
1881........	2½ @ 5	3.48	1890...	3 @ 6	4.52	1899........	3 @ 6	3.75
1882........	3 @ 6	4.15	1891........	2½ @ 5	3.32	1900........	3 @ 6	3.96
1883........	3 @ 5	3.57	1892........	2 @ · ½	2.52	1901........	3 @ 5	3.72
1884	2 @ 5	2.96	1893........	2½ @ 5	3.06	1902........	3 @ 4	3.33
1885........	2 @ 5	2.92	1894........	2 @ 3	2.11	1903........	3 @ 4	3.75
1886........	2 @ 5	3.05	1895........	2	2.10	1904........	3 @ 4	3.29
1887........	2 @ 5	3.34	1896........	2 @ 4	2.48	1905........	2½ @ 4	3.00
1888........	2 @ 5	3.30	1897........	2 @ 4	2.79	1906........	3½ @ 6	4.27

With the Bank of France rate 1½ per cent. above the rate maintained for the last seven years, the Bank of England rate five per cent. and the Bank of Germany rate six per cent., the fact is apparent that the money situation abroad is not favorable, and this influence is likely to be operative in our own market.

One other significant fact may be mentioned here—the decline in British consols last month to 84¼, the lowest price in sixty years.

The Supreme Court of Minnesota, in a decision rendered on March 28, sustained the right of the Great Northern Railroad to issue $60,000,000 of stock authorized by the directors several months ago. It was contended on the part of the state that the issue could not be made without the approval of the State Railroad and Warehouse Commission. The Supreme Court, however, held that while the legislature had the power to control the issuing of capital stock, it could not delegate this power to a commission.

From various sources the evidence has accumulated that the railroads are curtailing their building operations. The difficulty in procuring capital has caused a postponement of new building projects until more favorable conditions exist.

THE MONEY MARKET.—There was stringency in the local money market during the entire month, and rates for call money reached the highest point touched this year. In the first week of the month 6¼ per cent. was the highest rate; on March 16 the rate was 25 per cent., falling off in the following week to 2 per cent., but advancing again to 14 per cent. on March 25. At the close of the month call money ruled at 2¾@5 per cent., with the majority of loans at 4½ per cent. Banks and trust companies loaned at 3 per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 6½ per cent. for sixty days, and 6 per cent. for 90 days to six months, on good mixed collateral. For commercial paper the rates are 6@6½ per cent. for first-class four to six months' single names, and 6¾@7 per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Nov. 1.	*Dec. 1.*	*Jan. 1.*	*Feb. 1.*	*Mar. 1.*	*Apr. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances	6 —9	6 —27	6 —40	1¾—3½	5¼—6	2¾—5
Call loans, banks and trust companies	3 —	4 —	4 —	2 —	4 —	3 —
Brokers' loans on collateral, 30 to 60 days	7 —	7½—	6½—7	5¼— ½	5¼—	6½—
Brokers' loans on collateral, 90 days to 4 months	6 —7	7 — ½	6½—7	5½—	5¼— ½	6 —
Brokers' loans on collateral, 5 to 7 months	6 —	6 — ½	6 — ½	5½— ¾	5½— ¾	6 —
Commercial paper, endorsed bills receivable, 60 to 90 days	6 — ½	6 — ½	6 — ½	5¾—6¼	5¾—6	6 —½
Commercial paper, prime single names, 4 to 6 months	6 — ½	6 — ½	6 — ½	5¾—6¼	5¾—6	6 —½
Commercial paper, good single names, 4 to 6 months	6½—7	6½—7	6½—7	6½—	6½—	6¾—7

NEW YORK BANKS.—Probably the most striking feature of the bank statements last month was the reduction in loans, which to some extent had a relation to the decline in the stock market. Between January 5 and February 9 there had been an increase of nearly $50,000,000 in loans, and this was offset by a decrease of a corresponding amount between the latter date and March 23, $20,000,000 prior to March 2 and $30,000,000 in the three weeks following. Deposits, which on February 2 were $1,076,000,000 and on March 2 $1,038,000,000, were down to $1,002,000,000 on March 23. In the last week of the month, however, loans increased $13,000,000 and deposits $17,000,000. During most of the month the reserves were very low, the surplus ranging from $2,000,000 to $4,000,000, but in the last week there was an increase to $13,000,000, the highest reported since August 4 last.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

DATES.	*Loans.*	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
Mar. 2...	$1,079,185,600	$189,065,200	$74,401,400	$1,038,431,800	$3,857,650	$52,787,200	$1,987,461,000
" 9...	1,066,956,900	185,456,700	71,567,300	1,019,889,100	2,051,725	52,281,300	2,158,480,400
" 16...	1,053,576,600	183,454,400	70,572,300	1,003,974,400	3,033,100	51,562,300	2,514,930,100
" 23...	1,049,989,600	184,974,400	70,271,200	1,002,144,600	4,709,450	50,920,300	2,095,084,200
" 30...	1,056,545,200	195,669,700	72,425,900	1,019,817,300	13,131,275	50,820,000	1,994,438,600

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1905.		1906.		1907.	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189 828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,631,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April..........	1,138,661,300	8,664,575	1,004,290,500	5,131,270	1,019,817,300	13,131,275
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	....	....
June..........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	....	....
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	....	....
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	....	....
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	....	....
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,350	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December ...	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 8, 1894.

Non-Member Banks—New York Clearing-House.

Dates.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Mar. 2.....	**$134,322,000**	**$145,053,300**	**$6,214,800**	**$7,623,500**	**$15,310,800**	**$5,421,100**	***$1,093,125**
" 9.....	**135,461,900**	**145,369,700**	**6,077,500**	**7,390,300**	**15,253,000**	**5,062,200**	***2,559,025**
" 16.....	**134,726,600**	**146,865,600**	**6,195,900**	**7,549,200**	**17,316,400**	**4,880,800**	*** 774,100**
" 23....	**133,243,200**	**144,154,600**	**5,952,700**	**7,460,700**	**16,940,300**	**5,012,000**	*** 672,950**
" 30.....	**122,584,800**	**127,698,600**	**5,570,100**	**6,693,200**	**11,228,000**	**4,270,800**	***4,162,550**

*** Deficit.**

Boston Banks.

Dates.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Feb. 23........	**$185,031,000**	**$211,328,000**	**$16,691,000**	**$4,141,000**	**$8,479,000**	**$148,360,000**
Mar. 2........	**183,742,000**	**208,814,000**	**16,456,000**	**4,049,000**	**8,477,000**	**167,729,800**
" 9........	**183,907,000**	**208,500,000**	**15,670,000**	**4,206,000**	**8,491,000**	**169,933,300**
" 16........	**181,522,000**	**208,627,000**	**16,403,000**	**4,168,000**	**8,489,000**	**182,649,600**
" 23........	**179,148,000**	**202,722,000**	**15,850,000**	**4,027,000**	**8,500,000**	**170,981,300**

Philadelphia Banks.

Dates.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings*
Feb. 23..................	**$223,864,000**	**$256,204,000**	**$55,331,000**	**$13,813,000**	**$108,274,200**
Mar. 2..................	**223 012,000**	**255,863,000**	**55,809,000**	**13,812,000**	**169,739,700**
" 9.	**223,064,000**	**249,695,000**	**52,384,000**	**13,796,000**	**141,250,000**
" 16..................	**222,729,000**	**250,145,000**	**51,032,000**	**13,785,000**	**144,706,700**
" 23..................	**221,221,000**	**247,048,000**	**52,016,000**	**13,956,000**	**155,794,800**

Foreign Banks.—The Bank of England lost $9,000,000 gold in March, the Bank of France $6,000,000, the Bank of Germany $1,000,000, the Bank of Russia $2,000,000 and the Bank of Austria-Hungary $5,-000,000. With the exception of Russia, which gained $130,000,000, all the leading banks have less gold than they held a year ago.

Gold and Silver in the European Banks.

	February 1, 1907.		*March 1, 1907.*		*April 1, 1907.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England	£34,249,496	....	£36,729,623	....	£31,996,242	....
France	105,837,120	£39,427,680	105,472,703	£39,393,339	104,168,157	£39,182,743
Germany	32,532,000	10,844,000	34,656,000	11,552,000	34,439,000	11,479,000
Russia	118,051,000	4,735,000	119,084,000	5,409,000	118,513,000	5,537,000
Austria-Hungary	46,590,000	12,044,000	46,409,000	12,229,000	45,576,000	12,425,000
Spain	15,405,000	24,434,000	15,412,000	24,613,000	15,435,000	25,048,000
Italy	32,196,000	4,760,100	32,568,000	4,942,400	32,461,000	4,985,100
Netherlands	5,541,300	5,760,100	5,544,500	5,828,300	5,145,400	5,764,600
Nat. Belgium	3,281,000	1,642,000	3,306,000	1,653,000	3,327,333	1,663,667
Sweden	3,998,000	....	4,108,000	....	4,161,000	....
Totals	£397,683,716	£103,646,880	£403,289,826	£105,620,039	£398,022,132	£106,085,610

Foreign Exchange.—The market for sterling exchange was weak throughout the month, being affected by the high rates for money here and later by the panicky conditions in the Berlin market. On March 26 sight sterling sold down to 4.8275, the lowest point touched since December 28, 1906, when the price was 4.2860. There were rumors of gold shipments to New York from London, but none were made. The market advanced in the last few days of the month.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling. 60 days.	Bankers' Sterling. Sight.	*Cable transfers.*	*Prime commercial, Long.*	*Documentary Sterling, 60 days.*
Mar. 2	4.8030 @ 4.8040	4.8460 @ 4.8465	4.8530 @ 4.8540	4.80⅛ @ 4.80¼	4.79⅜ @ 4.80¾
" 9	4.8020 @ 4.8030	4.8440 @ 4.8445	4.8500 @ 4.8510	4.79¾ @ 4.79⅞	4.79¼ @ 4.80½
" 16	4.7850 @ 4.7900	4.8310 @ 4.8320	4.8400 @ 4.8410	4.77⅛ @ 4.77¼	4.77⅜ @ 4.79
" 23	4.7900 @ 4.7915	4.8350 @ 4.8360	4.8425 @ 4.8435	4.78½ @ 4.78¾	4.78 @ 4.79¾
" 30	4.7875 @ 4.7900	4.8310 @ 4.8315	4.8390 @ 4.8400	4.78¼ @ 4.78½	4.77¾ @ 4.79¼

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Dec. 1.	*Jan. 1.*	*Feb. 1.*	*Mar. 1.*	*April 1.*
Sterling Bankers—60 days	4.80¾—81	4.78¼— ½	4.80½— ⅝	4.80⅜— ½	4.78¾— 79
" " Sight	4.85½— ⅝	4.83⅜— ½	4.84⅝— ¾	4.84⅝— ¾	4.83⅛— ¼
" " Cables	4.86⅜— ½	4.84⅜— ½	4.85⅜— ½	4.85⅜— ½	4.83⅞— 84
" Commercial long	4.80¼— ⅜	4.79 — ¼	4.80⅛— ¼	4.80⅛— ¼	4.78¼— ⅛
" Docu'tary for paym't.	4.79⅝— 1⅛	4.78½—79	4.79½—80¾	4.79⅝— ¾	4.77¾— 9¼
Paris—Cable transfers	5.18¾—	5.21¼—20⅝	5.19⅜—18¾	5.20⅝—	5.22½—
" Bankers' 60 days	5.22½—	5.25⅝—25	5.23⅛—22½	5.24⅜—23¾	5.26¼—25⅝
" Bankers' sight	5.19⅜—	5.21⅞—¼	5.20 1/16—	5.21¼—	5.23⅛—
Swiss—Bankers' sight	5.19⅜—18¾	5.22½—	5.20⅝— 1/16	5.20⅝— 1/16	5.24⅜— 3¾
Berlin—Bankers' 60 days	95 13/16—93 15/16	93½— ⅝	93 13/16— 15/16	93⅝— ¾	93⅜— ½
" Bankers' sight	94¾— 13/16	94⅛— ¼	94½— ⅝	94 7/16— 9/16	94 3/16— ¼
Belgium—Bankers' sight	5.21⅞— ¼	5.24⅜—	5.21⅞— ¼	5.22½—21⅞	5.25 — 4⅜
Amsterdam—Bankers' sight	40 — 1/16	39 15/16— ⅞	40 — 1/16	39¾— 13/16	39 13/16— ⅞
Kronors—Bankers' sight	26¾— ⅞	26⅜— ⅝	26⅝— ⅞	26⅝— ⅞	26⅝— ⅞
Italian lire—sight	5.18¾— ⅛	5.21¼—20⅝	5.19⅜—	5.21¼—	5.24⅜—23¾

Money Rates Abroad.—Rates for money in European centers are generally higher. The Bank of England maintained its rate of discount at five per cent. The Bank of France for the first time in nearly seven years advanced its rate from three to $3\frac{1}{2}$ per cent. on March 21. The Bank of Netherlands advanced its rate from five to six per cent. and the Bank of Brussells from four to five per cent. Discounts of sixty to ninety-day bills in London at the close of the month were $5@5\frac{1}{8}$ per cent., against 4¾ per cent. a month ago. The open market rate at Paris was 3½ per cent., against 2⅞ per cent. a month ago, and at Berlin and Frankfort 5⅜@5½ per cent., against 4⅞ and five per cent. a month ago.

Bank of England Statement and London Markets.

	Dec. 31, 1906.	*Jan. 31, 1907*	*Feb. 28, 1907.*	*Mar. 31, 1907.*
Circulation (exc. b'k post bills)	£28,795,680	£27,858,000	£27,885,000	£29,260,000
Public deposits	6,928,752	9,121,000	14,980,000	14,916,000
Other deposits	39,408,200	42,239,000	42,741,000	43,046,000
Government securities	15,457,516	15,458,000	15,454,000	15,450,000
Other securities	34,123,388	29,241,000	33,23 .000	37,809,000
Reserve of notes and coin	18,718,655	24,840,000	27,294,000	24,187,000
Coin and bullion	28,064,478	34,249,496	36,729,632	34,996,242
Reserve to liabilities	37.13%	48.31%	47.22%	40.95%
Bank rate of discount	6%	5%	5%	5%
Price of Consols (2½ per cents.)	86 $\frac{1}{16}$	87	87	85$\frac{11}{16}$
Price of silver per ounce	32⅜d.	31⅛d.	32⅛d.	30⅝d.

Silver.—The London market for silver was weak, and the price steadily declined touching 30⅝d. at the close of the month, as compared with 32⅛d. at the end of February.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.	Month.	1905. High	1905. Low	1906. High	1906. Low.	1907. High	1907. Low.
January..	28⅝	27$\frac{9}{16}$	30¼	29$\frac{11}{16}$	32$\frac{7}{16}$	31¼	July......	27$\frac{5}{16}$	26⅞	30$\frac{7}{16}$	29$\frac{13}{16}$	....	....
February	28$\frac{5}{16}$	27⅝	30$\frac{15}{16}$	30⅛	32⅛	31½	August ..	28¾	27⅛	30$\frac{15}{16}$	29⅞	....	....
March....	27$\frac{13}{16}$	25$\frac{15}{16}$	30$\frac{7}{16}$	29	32$\frac{1}{16}$	30⅝	Septemb'r	28¾	28	31¾	30$\frac{13}{16}$	....	....
April.....	26⅝	25$\frac{7}{16}$	30$\frac{9}{16}$	29⅝	....	....	October..	28$\frac{15}{16}$	28⅝	32$\frac{9}{16}$	31$\frac{11}{16}$	....	....
May......	27$\frac{5}{16}$	26⅛	31⅜	30$\frac{9}{16}$	....	....	Novemb'r	30$\frac{5}{16}$	28$\frac{15}{16}$	33⅛	32	....	....
June.....	27⅛	26¾	31$\frac{1}{16}$	29⅝	....	....	Decemb'r	30$\frac{5}{16}$	29⅝	32$\frac{5}{16}$	31$\frac{9}{16}$	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.83	4.86	Mexican 20 pesos	19.50	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.50¼	.52¾
Twenty-five pesetas	4.78	4.82	Peruvian soles	.46	.49
Spanish doubloons	15.50	15.65	Chilian pesos	.46	.49

Bar silver in London on the first of this month was quoted at 30⅝d. per ounce. New York market for large commercial silver bars, 66 @ 66⅛c. Fine silver (Government assay), 66¼ @ 68c. The official price was 65⅝c.

National Bank Circulation.

	Dec. 31, 1906.	*Jan. 31, 1907.*	*Feb. 28, 1907.*	*Mar. 31, 1907.*
Total amount outstanding	$596,162,469	$597,197,569	$596,343,022	$597,212,063
Circulation based on U. S. bonds	549,280,084	549,698,574	549,737,373	547,633,063
Circulation secured by lawful money	46,882,385	46,498,995	46,605,649	49,579,000
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	27,054,650	27,682,500	28,379,250	27,471,750
Four per cents. of 1925	6,432,400	6,636,900	7,329,900	7,546,900
Three per cents. of 1908-1918	4,193,960	4,352 220	4,398,020	4,460,220
Two per cents. of 1930	496,751,250	497,788,350	495,820,700	493,830,950
Panama Canal 2 per cents	16,831,580	16,793,580	17,028,080	16,828,080
Total	$551,263,840	$553,253,550	$552,955,950	$550,137,900

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $9,644,200: 4 per cents. of 1925, $5,403,750: 3 per cents. of 1908–1918, $6,577,500: 2 per cents. of 1930, $56,523,100: Panama Canal 2 per cents. $12,838,000: District of Columbia 3.65's, 1924, $1,003,000: Hawaiian Islands bonds, $1,711,000: Philippine loan, $9,741,000: state, city and railroad bonds, $72,883,310: a total of $176,324,860.

NATIONAL BANK CIRCULATION.—There was an increase in national bank circulation in March of $869,000, but the bonds deposited to secure circulation were reduced $2,800,000. The bond-secured circulation decreased $2,100,000 and the circulation secured by the deposit of lawful money increased $2,900,000. There was $4,000,000 of lawful money deposited by banks reducing their circulation during the month. Nearly $50,000,000 is now on deposit to retire circulation, the largest amount in some time. There was an increase of nearly $18,000,000 in bonds deposited to secure public deposits, $15,000,000 of which was in state, city and railroad bonds.

GOVERNMENT REVENUES AND DISBURSEMENTS.—A surplus exceeding $10,600,000 is reported by the Treasury Department for March, making for the fiscal year a total of $51,000,000. In March last year the surplus was less than $5,000,000 while for the nine months of the fiscal year the excess of receipts was only what had accrued in March. The gain of $46,000,000 is entirely from increased revenues, the expenditures being almost exactly the same as last year's.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	*March, 1907.*	*Since July 1, 1906.*
Customs	$28,466,870	$250,013,990
Internal revenue	22,556,920	201,759,160
Miscellaneous	3,198,163	40,072,917
Total	$54,221,953	$491,846,067
Excess of receipts	$10,619,946	$51,286,294

EXPENDITURES.

Source.	*March, 1907.*	*Since July 1, 1906.*
Civil and mis.	$8,850,491	$95,267,535
War	7,618,250	79,898,900
Navy	7,983,578	71,699,276
Indians	1,042,875	11,916,344
Pensions	11,020,460	105,500,984
Public works	6,728,879	55,528,298
Interest	357,974	20,748,436
Total	$43,602,007	$440,559,773

UNITED STATES PUBLIC DEBT.

	Jan. 1, 1907.	*Feb. 1, 1907.*	*Mar. 1, 1907.*	*April 1, 1907.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	114,314,300	113,617,050	111,696,300	99,830,800
Refunding certificates, 4 per cent	25,870	25,800	25,540	25,150
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$922,717,830	$922,020,560	$920,099,510	$908,233,660
Debt on which interest has ceased	1,118,765	1,095,745	1,095,695	1,095,365
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	46,632,672	45,434,571	46,005,527	49,046,767
Fractional currency	6,865,237	6,865,237	6,864,477	6,864,477
Total non-interest bearing debt	$400,232,208	$399,034,106	$399,604,302	$402,645,542
Total interest and non-interest debt.	1,324,068,853	1,322,150,412	1,320,799,508	1,311,974,568
Certificates and notes offset by cash in the Treasury:				
Gold certificates	639,114,869	652,570,869	646,082,869	652,191,869
Silver certificates	476,256,000	475,642,000	471,993,000	471,673,000
Treasury notes of 1890	6,616,000	6,488,000	6,385,000	6,282,000
Total certificates and notes	$1,121,986,869	$1,134,700,869	$1,124,460,869	$1,130,146,869
Aggregate debt	2,446,055,722	2,456,851,281	2,445,260,377	2,442,121,437
Cash in the Treasury:				
Total cash assets	1,628,974,834	1,636,074,417	1,635,484,485	1,648,790,810
Demand liabilities	1,239,977,758	1,241,366,211	1,235,329,830	1,245,922,807
Balance	$388,997,076	$394,708,206	$400,154,654	$402,868,002
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	238,997,076	244,708,206	250,154,654	252,868,002
Total	$388,997,076	$394,708,266	$400,154,654	$402,868,002
Total debt, less cash in the Treasury	935,071,777	927,442,206	920,644,854	909,106,566

United States Public Debt.—The net debt less cash in the Treasury was reduced $11,500,000 in March and at the close of the month was $909,000,000, a reduction since January 1 of $26,000,000. Nearly $12,000,000 of the four per cent. bonds of 1907 were retired, which brings the bonded debt down to $908,000,000 or about $900,000 less than the net debt. In other words, the Treasury now has assets to extinguish every dollar of its obligations outside of its bonds, with the exception of about $1,000,000. The total debt other than bonds is $1,534,000,000. The Treasury issued $6,000,000 more gold certificates last month, the amount now outstanding being $652,000,000. The demand liabilities increased nearly $10,000,000.

Foreign Trade.—The exports of merchandise in February were $159,000,000, the largest recorded for that month and nearly $18,000,000 more than in February, 1906. The imports were $123,000,000 also the largest for that month in any year, and nearly $19,000,000 larger than in 1906. The balance of net exports is $36,000,000, about $1,000,000 less than a year ago, but larger than in any other year since 1903. For the eight months ended February 28, the exports show an increase of $91,000,000 and the imports of $133,000,000, the net balance decreasing $42,000,000, but still exceeding $356,000,000. The net imports of gold for the eight months is over $81,000,000, while the net exports of silver were only $8,609,000, or about one-half what they were last year.

Exports and Imports of the United States.

Month of February.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1902	$101,569,695	$68,350,459	Exp., $33,219,236	Exp., $6,968,513	Exp., $1,920,942
1903	125,586,024	82,622,246	" 42,963,778	Imp., 311,086	" 2,179,507
1904	118,800,282	89,022,500	" 29,777,782	" 4,301,758	" 1,838,902
1905	106,870,782	103,084,413	" 3,786,369	Exp., 12,601,393	" 1,974,717
1906	141,766,558	104,232,879	" 37,533,679	" 6,406,647	" 1,954,680
1907	159,548,646	123,185,209	" 36,363,437	Imp., 2,248,875	" 530,909
Eight Months.					
1902	974,238,113	594,467,457	Exp., 379,770,656	Imp., 3,004,796	Exp., 15 580,111
1903	982,068,063	680,771,760	" 301,296,303	" 17,487,605	" 16,825,555
1904	1,047,946,626	654,362,184	" 393,584,442	" 50,216,748	" 13,323,218
1905	1,008,060,808	728,998,926	" 279,061,882	Exp., 43,256,796	" 15,878,364
1906	1,198,391,383	799,957,520	" 398,433,863	Imp., 17,178,472	" 16,450,761
1907	1,289,246,296	932,925,385	" 356,320,911	" 81,012,466	" 8,609,684

Money in Circulation in the United States.—Nearly $16,000,000 was added to the volume of money in circulation, bringing the total up to $2,906,000,000, the largest ever reached. This increased the per

Money in Circulation in the United States.

	Jan. 1, 1907.	*Feb. 1, 1907.*	*Mar 1, 1907.*	*April 1, 1907.*
Gold coin	$692,623,564	$695,539,841	$692,895,812	$690,489,279
Silver dollars	85,377,835	83,173,040	82,917,781	82,923,706
Subsidiary silver	124,120,938	120,408,163	120,773,109	121,059,533
Gold certificates	580,395,199	617,564,6[illegible]9	601,459,399	610,173,479
Silver certificates	467,817,025	462,936,189	464,622,489	466,962,033
Treasury notes, Act July 14, 1890	6,600,829	6,473,540	6,367,091	6,271,741
United States notes	341,908,353	338,559,724	338,927,518	341,746,454
National bank notes	585,056,585	578,246,907	582,758,023	586,823,643
Total	$2,883,900,328	$2,902,902,0[illegible]3	$2,890,721,222	$2,906,399,868
Population of United States	85,367,000	85,484,000	85,602,000	85,720,000
Circulation per capita	$33.78	$33.96	$33.77	$33.91

capita fourteen cents to $33.91, but it is still five cents less than on February 1. There was an increase in every kind of money except Treasury notes, the largest increase being in gold certificates, nearly $9,000,000.

MONEY IN THE UNITED STATES TREASURY.—The total money in the Treasury increased $2,800,000, but an increase in outstanding certificates of $11,000,000 reduced the net cash $8,000,000. The net gold in the Treasury remains practically unchanged at $310,000,000.

MONEY IN THE UNITED STATES TREASURY.

	Jan. 1, 1907.	Feb. 1, 1907.	Mar. 1, 1907.	April 1, 1907.
Gold coin and bullion	$894,394,821	$902,576,266	$912,076,615	$920,934,471
Silver dollars	482,873,695	485,078,490	485,333,749	485,327,824
Subsidiary silver	3,720,430	7,066,315	7,361,332	7,375,520
United States notes	4,772,663	8,121,262	7,753,498	4,934,562
National bank notes	11,105,884	17,950,662	13,584,999	10,388,420
Total	$1,396,867,493	$1,420,793,025	$1,426,110,193	$1,428,960,797
Certificates and Treasury notes, 1890, outstanding	1,054,813,053	1,086,974,418	1,072,448,979	1,083,407,253
Net cash in Treasury	$342,054,440	$333,818,607	$353,661,214	$345,553,544

SUPPLY OF MONEY IN THE UNITED STATES.—The total amount of money in the country was increased $7,000,000, and is now nearly $3,252,-000,000. Last month's increase was almost exclusively in gold, which gained $6,400,000.

SUPPLY OF MONEY IN THE UNITED STATES.

	Jan. 1, 1907.	Feb. 1, 1907.	Mar. 1, 1907.	April 1, 1907.
Gold coin and bullion	$1,587,018,385	$1,598,116,107	$1,604,972,427	$1,611,373,750
Silver dollars	568,251,530	568,251,530	568,251,530	568,251,530
Subsidiary silver	127,841,368	127,474,478	128,134,441	128,435,053
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	596,162,469	596,197,569	596,343,022	597,212,063
Total	$3,225,954,768	$3,236,720,700	$3,244,382,486	$3,251,953,412

RAILROAD BUILDING IN CHILE.

CONSUL A. A. WINSLOW, of Valparaiso, reports that the Government of Chile has under consideration railroad improvements that will cost $30,000,000 United States gold, all of which it is proposed to push to the front as fast as possible. It is proposed to expend about $4,880,000 United States gold in rolling stock, double tracking, and putting the present lines in first-class condition, and the balance is to be expended on new lines, principally on what is known as the Longitudinal. This is the line from the Peruvian and Bolivian frontier toward the south.

GETTING RICH QUICK.

One of the quickest ways to get rid of money is to try to get more in a hurry.—New York Press.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—On April 6 the Beaver National Bank opened for business at the corner of Pearl and Beaver streets. The capital of the bank will be $200,000, with a surplus of $100,000. Special attention will be given to the local tea, coffee and commission trades. George M. Coffin, who was formerly Deputy Comptroller of the Currency and subsequently vice-president of the Phenix National Bank, is president. S. H. Vandergrift and T. P. Welsh are vice-presidents and J. V. Loughlin assistant cashier.

The National City Bank and the Empire Trust Company have been selected as the bank's depositories.

—The rival interests which have been endeavoring to organize two trust companies to do business in the vicinity of West Broadway and Chambers street have consolidated and will form a new company to be called The Fidelity Trust Company, which will have offices in the building formerly occupied by the Irving National Bank, the latter institution having recently consolidated with the New York National Exchange Bank.

The Fidelity Trust Company will take the place of the Irving and Atlas Trust Companies, which it had been the intention of the interests named above to form. The company will have a capital of $500,000, and Samuel S. Conover, formerly at the head of the Irving National, will be president.

—The board of directors of the Trust Company of America on March 19 declared a quarterly dividend of eight per cent. and an extra dividend of two per cent.

—Application was recently made for the listing on the Stock Exchange of additional stock of the Chemical National Bank, amounting to $2,700,000. This increase of the capital of the bank from $300,000 to $3,000,000 was authorized at a meeting of stockholders on January 8 last, and for the purpose of making the increase the directors declared a dividend of 900 per cent. on the old capital, which enabled the existing shareholders to subscribe for the old stock at par. After paying the dividend of $2,700,000, the Chemical National still has a surplus of $5,000,000 and undivided profits of $315,024.

—Under the progressive management of President Alfred H. Curtis, the National Bank of North America is showing increased profits. In addition to the regular semi-annual dividend of four per cent. paid last January, there was an extra disbursement of three per cent. A quarterly dividend of two per cent. was declared, payable on April 1, and at the same time an extra dividend of two per cent. was paid, making a total dividend of eleven per cent. since the first of the year.

—On account of some disagreements among the managers the Franco-American Bank has closed its New York office. This bank was affiliated with the Banque Franco-Americaine, a French corporation, with $2,000,000 capital, of which $1,100,000 was subscribed in this country and $900,000 abroad. It is reported that new directors of the New York institution will be chosen.

—James E. Nichols of Austin, Nichols & Co.; Erskine Hewitt of the Trenton Iron Co., and Charles E. F. McCann were recently elected directors of the Guardian Trust Company, to fill vacancies.

—Ira A. Manning, who successfully organized the People's Trust Company of Philadelphia, is now organizing the United People's Trust Company of New York, a trust company "of the people, by the people, for the people." As its name implies, Mr. Manning's plan is to interest as stockholders in his company only business men who can bring business to the company. The par value of the shares will be $50 and they will be sold at $66 to create a surplus. The company will be incorporated not later than Feb. 29, 1908, with a capital stock equal to the amount of subscriptions received up to that date.

NEW ENGLAND STATES.

—Owing to the rapid growth of the City Trust Company of Boston, some of the depositors of that institution have felt that the officers might no longer be able to give them the individual attention desired when wishing to consult about banking or other matters. To prevent the growth of any such feeling the management of the City Trust Company have announced that Mr. Arthur Adams, the vice-president, has been especially designated to meet the customers of the company at all times and be ready to give them advice on financial matters. It is a gratifying sign of progress that there is a sufficient demand for information of this character on the part of the company's depositors to require the special attention of one of the officers.

—On March 4 it was announced that the Mechanics' National Bank and the Hardware City Trust Company of New Britain, Conn., would be merged into the New Britain Trust Company. The Mechanics' Bank has a capital of $100,000, a surplus of the same amount, and undivided profits of $50,000. The Hardware City Trust Company has $100,000 capital and $50,000 surplus.

—On March 12 the first meeting of the subscribers to the stock of the new Bristol (Ct.) Trust Company was held, and the following directors chosen: William E. Sessions, Charles L. Wooding, Adrian J. Muzzy, Mortimer E. Weldon, Albert L. Sessions, George M. Eggleston, Joseph B. Sessions, Francis A. Beach.

At a subsequent meeting of the directors, officers were elected as follows: President, William E. Sessions; vice-president, Charles L. Wooding; secretary and treasurer, Francis A. Beach; teller and assistant secretary and treasurer, George A. Beach.

—At the recent annual meeting of the People's Bank and Trust Company, New Haven, Ct., the number of directors was reduced from twenty-five to twelve. Henry G. Newton was elected president, succeeding George B. Martin; Fred C. Boyd succeeded C. H. Conway as vice-president; Harry W. Asher was elected secretary, and Robert D. Muir was re-elected treasurer.

MIDDLE STATES.

—Directors of the Western National Bank of Philadelphia have recommended an increase in the capital stock from $400,000 to $1,000,000.

—On March 19 J. M. Dreisbach, president of the Mauch Chunk (Pa.) Trust Company, completed forty years of service as a banker; his banking career having commenced on March 19. 1867. For seventeen years he was cashier of the Second National Bank of Mauch Chunk, and for five years he was its president. When this bank went into liquidation in 1902, Mr. Dreisbach became president of the Mauch Chunk Trust Company, which was organized largely through his initiative. The company has been remarkably prosperous, and this has been due, to no small extent, to Mr. Dreisbach's long banking experience.

The fortieth anniversary of his connection with banking was commemorated by the directors of the Trust Company, who called upon Mr. Dreisbach and presented him with a magnificent loving-cup as an evidence of the regard in which he is held on account of his character and ability and the services rendered the company.

—Howard S. Reeside, recently treasurer of the American Security and Trust Company, Washington, D. C., has been elected second vice-president of the company, and Charles E. Howe, until recently assistant secretary and treasurer, has been promoted to the treasurership. Mr. Reeside was treasurer of the company from December, 1905, until the position of second vice-president was created, and has been connected with the company since its organization in 1889. He is a native of Washington and has had twenty-seven years of business experience, all of which has been with only two organizations—the Equitable Building Association and the American Security and Trust Company. In the latter company he worked up from the ranks, having been paying teller and assistant treasurer before he became treasurer. Mr. Reeside is a law graduate of George Washington University, and has been prominently identified with all movements tending to the development of the national capital.

HOWARD S. REESIDE,
Vice-President American Security and Trust Co., Washington, D. C.

Charles E. Howe, the new treasurer, has been connected with the company since 1891. He is also a graduate of the law department of the university above named, and for ten years was editor of the "Financial Review."

—Official reports of condition of the trust companies of the State of New York on February 26 show total resources of $1,389,886,000, compared with $1,365,245,000 on January 1.

—On January 26 last the Talbot Savings Bank of Easton, Md., reported $455,949 total resources, $25,000 capital, $8,000 surplus, $22,261 undivided profits, and $394,687 individual deposits. Wm. Reddie is president, Chas. H. Leonard, vice-president, and W. W. Spence, cashier.

—On July 1 the New Rochelle (N. Y.) Trust Company will increase its capital from $100,000 to $200,000 by declaring a fifty per cent. stock dividend out of surplus and profits. The remainder of the increase—ten per cent.—is to be offered to shareholders at $150 per share, which will bring the surplus and profits to $55,000. The company is just enlarging its building by putting up a four-story extension on adjacent property.

The New Rochelle Trust Company began business in 1888 as a state bank, and was converted into a trust company in 1901. Deposits have increased from $512,611 on January 1, 1902, to $1,814,824 on January 1, 1907, the business being divided between nearly 5,000 accounts. The officers are well-known business men of New Rochelle, and are as follows: President, William W. Bissell; vice-president, Robert P. Carpenter; secretary, Henry J. Van Zelm; assistant secretary, J. A. Huntington.

—Frank E. Howe, who was recently elected president of the Manufacturers' National Bank of Troy, N. Y., to succeed the late George P. Ide, has been connected with this bank since 1874, and has been cashier since 1899. William C. Feathers, formerly an accountant of the bank, was elected cashier to succeed Mr. Howe, and Alba M. Ide was elected a director in place of his father. Mr. Ide has been prominently connected with manufacturing in Troy for a number of years, and is a member of the firm of George P. Ide & Co.

SOUTHERN STATES.

—North Carolina bankers will meet in annual convention at Durham, N. C., on May 22, 23 and 24, the headquarters being Hotel Carrolina. W. A. Hunt of Huntington, N. C., is secretary of the association.

—The People's National Bank of Winston-Salem, N. C., has increased its capital stock to $300,000.

This bank was organized in 1890 with a capital of $100,000, and opened for business June 3, 1890, with William A. Blair, president, and Frank E. Patterson, cashier. In 1892 Mr. Patterson resigned as cashier to accept a position as national bank examiner in Philadelphia. Upon his resignation, T. A. Wilson was elected cashier, which position he held until his death, February 4, 1905. On January 20, 1896, Hon. John W. Fries was elected president of the institution, which position he still holds. In the same year the bank was designated the United States Government Depositary. In 1897 the People's National Bank consolidated with the old First National Bank and moved into its present quarters. In 1905 the capital was increased to $200,000. In 1906 a Savings Bank Department was added.

In order to meet the increased and increasing business the capital has just been increased to $300,000, and that amount has been fully paid in.

The present officers are: Hon. John W. Fries, president; Col. William A. Blair, vice-president and cashier; Frank W. Stockton, assistant cashier.

The institution has been an important factor in the development of its city and community, which have had substantial and rapid growth. Hon. John W. Fries is a large cotton and woolen manufacturer, and was a member of the Monetary Commission. Col. Blair, the manager of the bank, is always in demand as a speaker and has written a great deal on financial subjects. He is a native of North Carolina, a graduate of Harvard, is president of the State Board of Public Charities, and holds various positions of honor and trust.

—The Gaston National Bank of Dallas, Texas, has good reason to be satisfied with its three years of growth and prosperity as evidenced by the statement of January 26, which showed: Capital, $250,000; surplus and profits, $43,990; deposits, $4,563,289; total resources, $5,107,649. Strength is indicated by the large amount of cash resources —$519,987 on hand, and $1,396,586 with other banks.

W. H. Gaston is president; R. K. Gaston and D. E. Waggoner, vice-presidents; J. Howard Ardrey, cashier, and W. T. Henderson and George H. Bird, assistant cashiers.

The bank has bought a lot on which it will shortly erect a new building.

—An auspicious opening was recently made by the Pensacola (Fla.) Bank and Trust Company. Its new offices are described as being among the handsomest in the state and well located in the central part of the business district of the city.

—The Commercial National Bank of Houston, Tex., now reports $300,000 capital, $400,000 surplus, $92,000 undivided profits and $4,251,000 deposits. This increase not only indicates exceptional strength, but an extraordinary rate of growth, all testifying to the ability of the management, which consists of the following: W. B. Chew, president; James A. Baker, Jr., and J. S. Rice, vice-presidents; H. R. Eldridge, cashier, and George L. Price and W. E.

Hertford, assistant cashiers. Besides the guaranty of solidity given by the very large surplus fund, the bank keeps on hand in cash and sight exchange over $2,000,000. or nearly one-half its deposit liabilities. It will be seen from the figures quoted that the bank depends largely upon its safety as a means of attracting business. This policy, coupled with courteous treatment and giving to customers the best terms consistent with good business methods, has built up the business of the Commercial National to its present enviable proportions.

—The National Bank of Commerce of Hattiesburg, Miss., has made the following gains in its business:

	Capital, Surplus and Profits.	Deposits.
March 14, 1899...	$66,567.31	$210,594.08
March 14, 1901...	130,109.21	376,297.79
March 14, 1903...	199,636.03	638,746.00
March 14, 1905...	355,642.22	813,281.10
March 14, 1907...	440,150.22	1,262,463.51

This is certainly a most gratifying rate of growth and speaks eloquently for the ability of the management, composed of J. P. Carter, president; John Kamper, vice-president; F. W. Foote. active vice-president; R. C. Hauenstein, cashier, and George J. Hauenstein, assistant cashier.

This bank recently decided to increase its capital from $300,000 to $325,000. The surplus and undivided profits are $150,000. During the past year the deposits of the bank have increased $194,301.

WESTERN STATES.

—The Oklahoma Farm Mortgage Company announces its removal from Norman (Okla.) to Oklahoma City where elegant quarters have been obtained in the Lee building. This company has gradually built up its business from small beginnings until it is now recognized as one of the leading farm mortgage companies of the new state. The company has $61,600 capital and $5,094 undivided profits.

—The new Federal State and Savings Bank recently organized at Denver, Colo., to succeed to a part of the business of the Continental Trust Company, opened March 1. W. T. Ravenscroft, secretary and treasurer of the Continental Trust Company, is president, and A. J. Bromfield, also an experienced banker, vice-president. The new bank has $100,000 capital, and its deposits already exceed half a million.

—Recently the directors of the National Bank of the Republic, Chicago, declared a quarterly dividend of two per cent., raising the annual rate from six to eight per cent. The deposits have increased materially of late and are now above $20,000,000.

—Roy C. Osgood, formerly editor of the Savings and Trust Review, which was absorbed by The Bankers' Magazine, was recently appointed attorney for the trust department of the First Trust and Savings Bank of Chicago. Mr. Osgood goes to Chicago from Milwaukee. He has had several years' banking and legal experience there and in Massachusetts, and was also for a time associated with the Department of Commerce and Labor at Washington.

—David R. Forgan, president of the New National City Bank of Chicago, writes on March 1 that the deposits of the bank have been growing every day since the bank was started, and on the date named amounted to fully $3,000,000. The bank has $1,500,000 capital, and $300,000 surplus, and under the management of such a capable bank official as Mr. Forgan its success is assured.

—On February 23 the directors of the First National Bank of Ludington, Mich., tendered a reception to the people of Mason county in the new building of the bank. It is estimated that over 2,500 friends of the bank were present on this occasion, and they took great interest in inspecting the elegant quarters of the bank and the many evidences of thoughtful and careful provision made for the safe and convenient transaction of its business. The officers of the First National, who are responsible for its progressive policy as evidenced by the opening of the new building, are: President, George D. Stray; vice-president, James Foley; cashier, W. L. Hammond; assistant cashier, A. D. Woodward.

—J. M. Dinwiddie, secretary of the Iowa Bankers' Association, writes that the next annual convention of the association will be held at Clinton, Iowa, June 18 and 19.

HENRY W. PETERS,
Director Mississippi Valley Trust Co.,
St. Louis, Mo.

—At a meeting of the board of directors of the Mississippi Valley Trust Company of St. Louis, March 12, Henry W. Peters, president of the Peters Shoe Company, was elected a director to fill the unexpired term of the late William F. Nolker.

Owing to an increase of business, the board created two offices. Louis W. Fricke, president of the St. Louis Chapter of the American Institute of Bank Clerks, and who has been general bookkeeper of the company for several years, was elected fourth assistant secretary, and George Kingsland, formerly connected with the Central Union Brass Company, and who has been associated in several important real estate transactions in St. Louis city and county, was elected assistant real estate officer.

The board also declared the quarterly dividend of $4 per share.

—A state bank is being organized at Severance, Colo., in the Greeley district, by A. S. Rogers, of Grand Island, Neb., and Wm. Bierkamp, Jr., cashier of the Denver (Colo.) Stock Yards Bank.

This is one of the best farming and feeding sections of the state, and it is believed that the new bank will do well there.

PACIFIC SLOPE.

—A number of the banks at Santa Monica, Ocean Park and Venice, Cal., have adopted a schedule of charges for all drafts and exchanges, the same as are charged by bank members of the Los Angeles Clearing-House Association.

—The banks of San Pedro, Cal., have agreed hereafter to refuse to handle collection items unless accompanied by fifteen cents, either in stamps or money; as the handling of mercantile collections is now considered to be a loss.

—The president of the First National Bank of Whittier, Cal., is W. Hadley. A. Hadley is cashier and L. W. Hadley, assistant cashier. These officers represent three generations—father, son and grandson, all active in the management of the bank. This institution has been a subscriber to The Bankers' Magazine since 1867. The elder Mr. Hadley, who is president, is now in his seventieth year, and has been actively engaged in banking since 1865.

—The Tacoma (Wash.) Bank clearings for 1906 amounted to $204,962,372—an increase from about $165,000,000 in 1905, $115,000,000 in 1904, and $100,000,000 in 1903.

—The Nixon National Bank of Reno, Nev., which started business in November last with a paid-up capital of $500,000 and a surplus of $50,000, already reports a growth of business which justifies the wisdom of opening another bank at Reno. The officers and directors are men who possess the confidence of the business community and this fact, coupled with the demand for additional banking facilities, accounts for the very satisfactory rate of progress. George S. Nixon, the vice-president, is United States Senator from Nevada and is also president of the Tonopah Banking Corporation, and the other officers and directors are well-known bankers and business men of the state. George F. Turrittin is vice-president; F. N. Lee, cashier, and R. C. Turrittin, assistant cashier, Although having been in business but a short time, the deposits of the bank are now nearly $700,000.

—Harry S. Henderson, bank examiner of Wyoming, sends The Bankers' Magazine a copy of the new banking law of that state. The measure is carefully drawn with a view to affording adequate protection to depositors and stockholders without unnecessarily restricting the banks. These institutions have already made an excellent record, and the increased provision made in the bill for safeguarding them is in line with the policy of sound banking already prevailing and which has been ably supported by Bank Examiner Henderson.

—Salt Lake City, Utah, bankers recently decided to permit no more overdrafts—an action that is manifestly in the interest of sound banking.

—F. A. Heinze has secured control of the Silver Bow National Bank of Butte, Montana. John McGinnis has been elected president and Charles R. Leonard, vice-president. The capital stock of the bank is to be increased from $100,000 to $200,000.

—A consolidation of the People's Bank and the Bank of Commerce of Long Beach, Cal., with the First National Bank of that place is announced. As soon as the new building of the First National Bank is finished the merged institutions will occupy it. There will be an increase of the capital of the First National from $200,000 to $500,000, with $100,000 surplus. C. J. Walker, president of the People's Bank, will become a director and vice-president of the First National. Frank McCutchen, president of the Bank of Commerce, will become a director of the First National and also a director and vice-president of the Citizens' Savings Bank, an allied institution, whose capital will be increased to $250,000. J. B. Heartwell continues to be president of the First National, which since the merger, and with the allied capital of the Citizens' Savings Bank—making a total capitalization of $750,000—will be one of the strongest financial institutions in Southern California.

—D. W. Twohy, president of the Old National Bank of Spokane, has been elected president of the Spokane (Wash.) Clearing-House Association. R. D. Miller, vice-president of the Exchange National Bank, was elected vice-president of the association, and W. D. Vincent, cashier of the Old National Bank of Spokane, was re-elected secretary and manager.

The clearing-house committee is composed of the president, D. W. Twohy; C. E. McBroom, cashier of the Exchange National Bank, and R. L. Rutter, of the Spokane and Eastern Trust Company.

MEXICO.

—The Mercantile Banking Co., Ltd., of the City of Mexico, which has $500,000 capital and $12,000 surplus, reports on December 31 deposits of $658,829. Of its total resources of $1,170,832 there is $614,017 in cash and items with city banks and foreign correspondents.

This bank was organized in 1905, with $100,000 capital, which was increased in February, 1906, to $500,000. Its officers are: President, A. H. McKay; vice-president, Epes Randolph; manager, W. H. Webb.

WITH BANKERS MAGAZINE ADVERTISERS.

BANKING IN HAWAII.

The First National Bank of Hawaii, at Honolulu, reports $72,613.30 gross profits for the year ending December 31. After paying expenses, amounting to $32,828.15 and applying $30,000 to the payment of dividends, providing for bad and doubtful debts, making an addition to surplus, etc., $4,360.15 was carried to the undivided profits account for 1907. The capital of the bank is $500,000; surplus, $92,000.

PENSION FUND FOR EMPLOYEES.

Many banks have adopted plans for pensioning their employees, and the idea seems to be growing in favor among industrial establishments. One of the latest to put a pension plan in operation is the American Bank Note Company. The sum of $50,000 was authorized by the trustees at their annual meeting on February 28, as a fund for this purpose, and additions are to be made to it from time to time in the expectation of including in its benefits every employee of the company.

The adoption of such a system has been favored by Warren L. Green, president of the company, for several years. In working out its details he has chosen the novel method of having the employees themselves largely determine the conditions upon which pensions shall be paid. A committee of five from among those oldest in point of service is to recommend the basis upon which the benefits are to be made, and this committee will try to incorporate the best features of those methods which have been in effect with other large corporations, together with such provisions as are necessary to meet conditions applying particularly at present to the women employees of the American Bank Note Company.

"Employees eligible to retirement," said Mr. Green, "will not receive the pension allowance as a favor, nor as a charitable act on the part of the company. They will be in a position to consider themselves the recipients of a permanent annuity earned by years of faithful, efficient and loyal service.

The fund is established in the interests of both the employees and the service. The company's benefit will come from establishing more fully the spirit of co-operation and of mutual interest of employer and employee. From the standpoint of the employees it is primarily intended as giving assurance that after a certain period of service, and when they are attaining an age when they are not so well adapted for the performance of their work, they shall have provision for their future support.

Nothing is so satisfactory to employees as to feel that after spending the best years of their life in faithful service, and by reason of age or other disability they are unable to measure up as fully as formerly to the requirements of their work, they have the assurance that their employer has made a generous and assured provision for their future."

It is the idea of the company to provide a graduated scale of benefits in accordance with the previous wages of the recipient, but in no case is the pension to be so small that it will not provide a livelihood for those to whom it is the sole means of support. Employees will not be required to pay anything either for the support of the pension system, or to add to the fund from which benefits will be made.

The company has almost 2000 employees engaged in its various plants in New York, Philadelphia, Boston and Ottawa. Of this number almost 900 are women, it being found by experience that women make the most reliable workers in certain grades of employment, such as the handling and counting of bank notes, stamps, securities and other valuable instruments.

THE GLORY OF TEXAS.

The estimates of the Texas cotton crop indicate an aggregate of 4,070,000 bales, worth something over $200,000,000. This tells in a nutshell the story of our splendid prosperity. The cotton crop measures a portion of the money which the world empties into the lap of Texas. When we add to this vast sum the year's revenues from lumber, cattle, rice, wool, hides, grain and other products, it can be seen that Texas industry yields a money return approximating $400,000,000, without counting the vast quantity of products consumed at home.

From these figures the outsider may only faintly guess the possibilities of our imperial domain. A little more than fifty years ago, Texas was barely started upon her great career. Her population was little more than 200,000 and agriculture was confined to a small area in the eastern section of the state. Now we have more than 4,000,000 people and an agricultural production running into the hundreds of millions annually with our potential resources scarcely touched.

It is no longer extravagant to say that Texas could sustain in comfort and even in luxury a population much greater than the present population of the country and its colonies. Her generous areas can and will in time produce 50,000,000 bales of cotton annually, billions of bushels of grain, all the fruits of the earth in abundance and meat enough to feed 100,000,000 people.

We have room for 6,000,000 farms of twenty-five acres each without destroying our forests and we have soils and climates that will produce anything grown in the United States. Our mineral wealth is inestimable. People who desire to secure homes may find in this state cheap lands, good markets and every opportunity for sane living and the accumulation of wealth that can be found in any part of the world.—Texas Exchange.

WESTERN BANK NOTE COMPANY.

The illustration herewith shows one of Chicago's oldest and most substantial concerns. Incorporated in 1864 and therefore of a permanent and well-established reputation, the Western Bank Note and Engraving Company has been closely identified with the wonderful growth of the West, and during the past two years its business has so

largely developed as to necessitate the erection of an addition to the present large establishment, which is equipped with everything that capital and skill can provide.

The company possesses unequalled facilities for the preparation of steel-engraved and lithographed securities of every description, its production being of such excellence as to warrant acceptance for listing purposes by the New York and all other Stock Exchanges. Everything is executed by the company's own experts in its specially constructed and exclusive fireproof buildings, and exceptional precautions are taken to safeguard the varied, extensive and confidential interests of its patrons, who include many prominent individuals, firms and corporations throughout the country, as also numerous municipal, state and foreign governments.

While preeminently a bank note engraving institution, and the only one west of Philadelphia which may properly be so characterized, the company is not limited to any particular class of work, but embraces everything in the printing line—whether engraved, lithographed, embossed or typed—and for style, quality, etc., cannot be excelled. The Western is managed by men of long practical experience and, with an ever-increasing volume of business, it is not unreasonable to anticipate that within the coming decade a further enlargement of its quarters will be essential.

An inspection of this thoroughly up-to-date establishment (combining both pleasure and profit, and revealing many details of extreme interest quite unknown in the ordinary printing shop) confirms the statement that it is "the finest and most modernly equipped plant of its character in the world."

In addition to the Chicago establishment the company has an up-to-date plant at Pittsburg, as also branch offices at Baltimore and St. Louis. A corps of over twenty traveling salesmen cover the entire country regularly.

A TOUR OF NEW ENGLAND.

Mr. H. Russell Voorhees, of Voorhees & Co., specialists in bank advertising of New York City, will soon start on a tour of the New England States, visiting the leading banks in that section.

MONEY RATE AND BOND MARKET.

A well-known New York bond house says of the present situation, writing under date of April 15: "The present low rate for call money at New York cannot be taken as indicating the real conditions of the money market. It is to be observed that just so soon as loanable funds are available, there are many railroad companies most eager to obtain loans and willing to pay very high rates for them. We are not at all certain that this ease up in the market is not somewhat temporary. So long as the railroads are obliged to pay 7 per cent. or more for money, as the Erie Railroad did this week, and so long as there is such a great demand for funds as exists at present—on the part of the railroad companies especially—it cannot be expected that any very low rate of interest will prevail. There is another side to the situation which is observable, and that is, that investors are turning their attention now more to bonds than to stocks. For some time past the bond market has been exceedingly dull. Investors are now returning to the more legitimate field of first-class investment bonds."

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Uniontown, Ky.; by W. M. Morgan, et al.
First National Bank, Millburn, N. J.; by Wm. Flemer, et al.
First National Bank, Rio, Wis.; by A. Amondson, et al.
First National Bank, Lake Arthur, N. M.; by J. B. Morris, et al.
First National Bank, Kiowa, I. T.; by B. A. McKinney, et al.
Hope National Bank, Hope, Ark.; by J. T. West, et al.
Colorado Springs National Bank, Colorado Springs, Colo.; by S. D. McCracken, et al.
First National Bank, Rockmart, Ga.; by Jas. Heaton, et al.
First National Bank, Dickson City, Pa.; by M. Weiss, et al.
First National Bank, Engle, N. M.; by E. S. Neal, et al.
First National Bank, Scottsville, Ky.; by F. F. Welch, et al.
First National Bank, Manlius, Ill.; by J. L. Martin, et al.
First National Bank, Tamaroa, Ill.; by S. R. Haines, et al.
Inter-State National Bank, Hegewisch, Ill.; by L. Cox, et al.
Marfa National Bank, Marfa, Tex.; by C. A. Brown, et al.
Merchants and Planters' National Bank, Kiowa, I. T.; by C. W. Crum, et al.
First National Bank, Huntland, Tenn.; by H. R. Moore, et al.
First National Bank, Hartford, Wis.; by Jno. G. Liver, et al.
First National Bank, Mackinaw, Ill.; by H. J. Puterbaugh, et al.
First National Bank, Milltown, Ind.; by F. E. Bye, et al.
First National Bank, Robert Lee, Tex.; by Hubert H. Pearce, et al.
Importers and Traders' National Bank, Philadelphia, Pa.; by J. W. Murgatroyd, et al.
Union National Bank, Union City, Ind.; by Geo. N. Edger, et al.
First National Bank, Mays, Ind.; by M. L. McBride, et al.
City National Bank, Nocona, Tex.; by A. A. Croxton, et al.
Old National Bank, Lima, Ohio; by L. H. Kibby, et al.
First National Bank, Gormania, W. Va.; by A. F. Schwartz, et al.
First National Bank, Adairville, Ky.; by L. S. Evans, et al.
City National Bank, Herrin, Ill.; by R. T. Cook, et al.
First National Bank, Clay, Ky.; by J. D. Edmonson, et al.
Citizens' National Bank, Rockmart, Ga.; by W. B. Everett, et al.
First National Bank, Reedley, Cal.; by A. C. Eymann, et al.
Warren County National Bank, Lake George, N. M.; by G. C. Morris, et al.
LeRoy National Bank, LeRoy, Kans.; by W. L. Cayot, et al.
Peoples' First National Bank, Olivia, Minn.; by C. A. Heins, et al.
First National Bank, Dublin, Ind.; by A. D. Gayle, et al.
First National Bank, Marcellus, Mich.; by S. Stern, et al.
First National Bank, Nara Visa, N. M.; by W. F. Buchanan, et al.
First National Bank, Glendora, Cal.; by C. S. Whitcomb, et al.
Thermopolis National Bank, Thermopolis, Wyo.; by G. E. Abbott, et al.
Grange National Bank of Chester Co., Downington, Pa.; by J. G. McHenry, et al.
First National Bank of Contra Costa County, Martinez, Cal.; by W. K. Cole, et al.
First National Bank, Lorena, Tex.; by E. Rotan, et al.
Delta National Bank, Delta, Colo.; by H. H. Wolbert, et al.
First National Bank, Indianola, I. T.; by H. A. LaRue, et al.
First National Bank, Manhattan, Nev.; by O. J. Smith, et al.
First National Bank, Rhyolite, Nev.; by O. J. Smith, et al.
First National Bank, Byers, Tex.; by J. C. Tandy, et al.
Farmers' National Bank, Selinsgrove, Pa.; by H. A. Ebright, et al.
Coos Bay National Bank, North Bend, Ore.; by L. J. Simpson, et al.
First National Bank, Morrow, O.; by I. L. Huddle, et al.
First National Bank, Goldfield, Nev.; by O. J. Smith, et al.
American National Bank, Delta, Colo.; by B. P. Smith, et al.
Grangers National Bank, Sligo, Pa.; by Jacob Black, et al.
First National Bank, Port Norris, N. J.; by L. E. Yates, et al.

Tuckahoe National Bank, Tuckahoe, N. J.; by L. M. Hess, et al.
First National Bank, Silverton, Tex.; by Jno. Burson, et al.
First National Bank, Marfa, Tex.; by T. H. Beauchamp, et al.
Pembroke National Bank, Pembroke, Ga.; by J. O. Strickland, et al.
American National Bank, Winchester, Tenn.; by T. B. Anderton, et al.
First National Bank, Fredericksburg, Pa.; by Edw. Edris, et al.
First National Bank, Princeton, Tex.; by J. L. White, et al.
First National Bank, Dawson, Tex.; by S. W. Johnson, et al.
First National Bank, Cullom, Ill.; by H. G. Steinman, et al.
First National Bank, Emporia, Va.; by W. R. Cato, et al.
First National Bank, Glenville, Minn.; by C. E. Paulson, et al.
McVeytown National Bank, McVeytown, Pa.; by W. P. Stevenson, et al.
Ontario National Bank, Clifton Springs, N. Y.; by J. B. Jones, et al.
First National Bank, Battle Lake, Minn.; by Knud Hanson, et al.
First National Bank, Beverly, N. J.; by M. R. H. Levin, et al.
DeSoto National Bank, Arcadia, Fla.; by W. G. Wekles, et al.
First National Bank, Manhattan, Ill.; by Alexander Campbell, et al.
Exchange National Bank, Ely, Minn.; by R. M. Sellwood, et al.
First National Bank, Biwabik, Minn.; by F. B. Myers, et al.
Union National Bank, Fresno, Cal.; by C. R. Puckhaber, et al.
Lumbermans' National Bank, Houston, Tex.; by S. F. Carter, et al.
First National Bank, Davenport, Okla.; by A. J. Langer, et al.
Citizens' National Bank, Slippery Rock, Pa.; by David L. Wilson, et al.

Application for Conversion to National Banks Approved.

Planters and Merchants' Bank, South Boston, Va., into Planters and Merchants' National Bank.
Citizens' Bank, Olyphant, Pa.; into First National Bank.
People's Bank of Burlington, N. C.; into First National Bank.
Farmers and Traders' Bank, Lenoir City, Tenn.; into First National Bank.
Bank of Fayetteville, Fayetteville, N. C.; into Fourth National Bank.
Adair Savings Bank, Adair, Ia.; into First National Bank.
Farmers' Bank, Ludlow, Mo.; into Farmers' National Bank.
People's Bank, Monroe, N. C.; into First National Bank.
Bank of Gotebo, Okla.; into First National Bank.
Farmers Bank and Trust Co., Winchester, Tenn.; into Farmers' National Bank.

National Banks Organized.

8549—Highland National Bank, Hermon, Cal.; capital, $25,000; Pres., G. W. E. Griffith; Vice-Pres., H. L. Lunt; Cashier, W. R. Myers.
8550—Brule National Bank, Chamberlain, S. D.; capital, $25,000; Vice-Pres., H. W. LeBlond; Cashier, W. H. Pratt, Jr.; Asst. Cashier, Geo. F. Pilger.
8551—Fairmont National Bank, Fairmont, Minn.; capital, $25,000; Pres., F. Wade; Vice-Pres., L. H. Brosemer; Cashier, D. S. Wade.
8552—Central National Bank, Tulsa, I. T.; capital, $100,000; Pres., J. G. McGannon; Vice-Pres., J. O. Mitchell and C. L. Reeder; Cashier, J. M. Berry; Asst. Cashier, W. O. Buck.
8553—First National Bank, Kiefer, I. T.; capital, $25,000; Pres., G. W. Barnes; Vice-Pres., D. N. Fink; Cashier, J. W. McIntosh.
8554—Forest Grove National Bank, Forest Grove, Oreg.; capital, $25,000; Pres., W. B. Haines; Vice-Pres., Jno. E. Bailey; Cashier, J. A. Thomburgh.
8555—Elk National Bank (successor to Elk National Bank, No. 3702, which expired by limitation, Feb. 19, 1907), Fayetteville, Tenn.; capital, $75,000; Pres., H. C. Harris; Vice-Pres., H. C. Hepsh; Cashier, E. Rees.
8556—First National Bank, Oregon City, Oreg.; capital, $50,000; Pres., D. C. Latourette; Cashier, M. D. Latourette.
8557—First National Bank, Madisonville, O.; (P. O. Station M. Cincinnati); capital, $50,000; Pres., Geo. W. Losh; Vice-Pres., W. H. Settle; Cashier, F. R. Miller.
8558—First National Bank, Lynnville, Tenn.; capital, $25,000; Pres., J. W. Fry; Vice-Pres., D. W. Shofner and W. J. Smith; Cashier, T. W. Moore; Asst. Cashier, E. N. Gracy.
8559—Farmers and Merchants' National Bank, Webster, S. D.; capital, $25,000; Pres., D. Williams; Vice-Pres., Jno. Williams; Cashier, A. T. Cooper.
8560—Gadsden National Bank, Gadsden, Ala.; capital, $125,000; Pres., E. T. Hollingsworth; Vice-Pres., J. W. Hammond; Cashier, W. G. Brockway; Asst. Cashier, G. M. Coleman.
8561—First National Bank, Ely, Nev.; capital, $50,000; Pres., H. P. Clark; Vice-Pres., A. D. Myers; Cashier, A. B. Witcher.
8562—Buchel National Bank, Cuero, Tex.; capital, $100,000; Pres., Otto Buchel; Vice-Pres., W. H. Graham; Cashier, Jos. Sheridan.
8563—National Bank, Luther, Okla.; capital, $25,000; Pres., A. S. Weir; Vice-Pres., L. Elson; Cashier, E. L. Mantor; Asst. Cashier, H. G. Morrison.
8564—Commercial National Bank, Covington, Ky.; capital, $100,000; Pres., J. A. Downard; First Vice-Pres., M.

L. Kirkpatrick; Second Vice-Pres., Jno. R. Bullock; Cashier, J. C. Brown; Asst. Cashier. Jno. G. Metcalf.

8565—City National Bank, Karnes City, Tex.; capital, $25,000; Pres., Ed. Tewes; Vice-Pres., C. D. Jauer, W. S. Pickett and L. W. Stieren; Cashier, A. W. Enck.

8566—First National Bank, Rockaway, N. J.; capital, $25,000; Pres., S. J. Lowenthal; Vice-Pres., Wm. Gill and S. M. George; Cashier, F. T. Cramer.

8567—Citizens' National Bank, Orleans, Neb.; capital, $25,000; Pres., M. B. Holland; Vice-Pres., J. E. Dunlay; Cashier. W. P. Pierce.

8568—Farmers' National Bank, Midlothian, Tex.; capital, $25,000; Pres., S. J. Martin; Vice-Pres., C. L. Barker; Cashier, L. O. Moore.

8569—National City Bank, Charleston, W. Va.; capital, $125,000; Pres., J. E. Robins; Vice-Pres., A. C. Calderwood and Jno. L. Thornhill; Cashier, J. S. Hill; Asst. Cashier, G. R. Blake.

8570—American National Bank, Green City, Mo.; capital, $25,000; P. K. Payne, Cashier; conversion of American Bank.

8571—First National Bank, Jefferson. N. C.; capital, $25,000; Pres., Thos. Houston Southerland; Vice-Pres., Wm. C. Greer; Cashier, S. G. Parsons.

8572—Colorado Springs National Bank, Colorado Springs, Colo.; capital, $100,000; Pres., S. D. McCracken; Vice-Pres., N. S. Gandy, Wm. F. Richards and W. K. Jewett; Cashier, W. R. Armstrong.

8573—Commercial National Bank, Brady, Tex.; capital, $100,000; Pres., G. R. White; Vice-Pres., L. Brook; Cashier, W. D. Crothers.

8574—First National Bank, Tillamook, Oreg.; capital, $25,000; Pres., Geo. Cohn; Vice-Pres., D. T. Edmunds; Cashier, J. Walton, Jr.

8575—First National Bank, Eldorado, Tex.; capital, $30,000; Pres., M. B. McKnight; Vice-Pres., Wm. Bevans.

8576—Lyndora National Bank, Lyndora, Pa.; capital, $25,000; Pres., F. X. Kohler; Vice-Pres., O. K. Waldron; Cashier, E. Ritts.

8577—First National Bank, Kaw City, Okla.; capital, $25,000; Pres., E. B. Eastman; Vice-Pres., C. A. Eastman and J. S. Eastman; Cashier, J. E. Hoefer; Asst. Cashier, F. E. Eastman; conversion of Bank of Commerce.

8578—First National Bank, Sykesville, Md.; capital, $25,000; Pres., F. G. Merceron; Vice-Pres., A. F. Arrington and R. W. Carter; Cashier, M. H. Weer.

8579—Georgetown National Bank, Georgetown, Ky.; capital. $75,000; Pres., A. L. Ferguson; Vice-Pres., M. H. Haggard; Cashier, J. R. Downing; Asst. Cashier, G. T. Hambrick; conversion of Bank of Georgetown.

8580—First National Bank, Ocilla, Ga.; capital, $50,000; Pres., J. E. Howell; Vice-Pres., M. J. Paulk and J. C. Luke; Cashier, R. H. Johnson; Asst. Cashier, Jno. A. Henderson; conversion of People's Bank.

8581—Greenville National Exchange Bank, Greenville, Tex.; capital, $200,000; Pres., W. A. Williams; Vice-Pres., F. J. Phillips and Geo. S. Perkins; Cashier, H. W. Williams; Asst. Cashiers, J. W. Birdsong and W. A. Williams, Jr.

8582—First National Bank, Mays Landing, N. J.; capital $25,000; Pres., C. D. Makepeace; Vice-Pres., Geo. Jonas and J. E. P. Abbott; Cashier, Mell R. Morse.

8583—Farmers' National Bank, Cross Plains, Tex.; capital, $25,000; Pres., T. E. Powell; Vice-Pres., Fred Lane; Cashier, S. F. Bond.

8584—First National Bank, Lake Arthur, N. M.; capital, $25,000; Pres., R. V. Crowder; Cashier, W. J. McInnes.

8585—Naples National Bank, Naples, Tex.; capital, $30,000; Pres., J. A. Moore; Vice-Pres., C. H. Bolin and L. R. Hall; Cashier, E. R. Greer.

8586—First National Bank, Hastings-upon-Hudson, N. Y.; capital, $25,000; Pres., H. M. Baird, Jr.; Vice-Pres., Wm. Shrive; Cashier, S. T. Kellogg.

8587—Sykesville National Bank, Sykesville, Md.; capital $50,000; Pres., W. H. D. Warfield; Vice-Pres., G. H. Bevard; Cashier, W. M. Chipley; conversion of Sykesville Bank of Carroll County.

8588—First National Bank, Blanchester, O.; capital, $50,000; Pres., I. M. Slatler; Vice-Pres., Jno. H. Norman; Cashier, A. I. McVey.

8589—First National Bank, Whitefish, Mont.; capital, $25,000; Pres., F. B. Grinnell; Vice-Pres., H. E. Houston; Cashier, H. C. Wegner.

8590—First National Bank, Aliquippa, Pa.; capital, $50,000; Pres., C. M. Hughes; Vice-Pres., R. Ritchie and R. Burgher; Cashier, A. C. Osburn.

8591—Grange National Bank of McKean Co., Smethport, Pa.; capital, $100,000; Pres., D. C. Young; Vice-Pres., A. B. Armstrong.

8592—First National Bank, Ely, Minn.; capital, $50,000; Pres., A. D. Davidson; Vice-Pres., M. E. Gleason; Cashier, M. E. Trumer.

8593—Pascagoula National Bank, Moss Point. Miss.; capital, $75,000; Pres., H. C. Herring; Vice-Pres., A. F. Dantzler; Cashier, H. Herring; Asst. Cashier, A. N. McInnis; conversion of Bank of Moss Point with branch at Scranton.

8594—Hope National Bank, Hope, Ark.; capital, $50,000; Pres., J. T. West; Vice-Pres., S. R. Oglesby and E. S. Greening, Jr.; Cashier, Stuart Wilson.

8595—Tonkawa National Bank. Tonkawa, Okla.; capital, $25,000; Pres., J. Poffenberger; Vice-Pres., P. E. Burk; Cashier, B. Richards; conversion of Tonkawa State Bank.

8596—First National Bank, Formosa, Kans.; capital, $25,000; Pres., J. C. Postlethwaite; Vice-Pres., A. Hirsch; Cashier, W. C. Postlethwaite; Asst. Cashier, Patk. Fay; conversion of Formosa State Bank.

8597—First National Bank, Tahoka, Tex.; capital, $25,000; Pres., O. L. Slaton; Vice-Pres., Jack Alley; Cashier, W. D. Nevels; Asst. Cashier, W. B. Slaton.

8598—First National Bank, Laurium, Mich.; capital $100,000; Pres., Michael E. O'Brien; Vice-Pres., A. Levin and Wm. J. Reynolds; Cashier, J. B. Paton; Asst. Cashier, D. Leveque.

8599—First National Bank, Scottsville, Ky.; capital, $25,000; Pres., R. B. Justice; Vice-Pres., E. F. Welch; Cashier, W. G. Moorman.

8600—First National Bank, Gregory, S. D.; capital, $25,000; Pres., H. F. Slaughter; Vice-Pres., D. F. Felton and Jno. D. Haskell; Cashier, Edgar M. Hood.

8601—First National Bank, Huntland, Tenn.; capital, $25,000; Pres., G. A. Gore; Vice-Pres., D. T. Kennedy; Cashier, E. L. Reames.

8602—Bankers' National Bank, Kansas City, Kans.; capital, $250,000; Pres., Jno. W. Breidenthal; Vice-Pres., Geo. M. Gray; Cashier, W. R. Berry.

8603—People's National Bank, Albia, Ia.; capital, $75,000; Pres., L. S. Collins; Vice-Pres., J. S. Moon; Cashier, B. P. Castner; Asst. Cashier, Scott Collins.

8604—Anderson National Bank, Lawrenceburg, Ky.; capital, $100,000; Pres., J. W. Gaines; Vice-Pres., Wm. E. Dowling and D. L. Moore, Jr.; Cashier, L. B. McBrayer.

8605—Inter-State National Bank, Hegewisch, Ill.; (Post Office Station, Chicago); capital, $75,000; Pres., Lawrence Cox; Vice-Pres., M. C. Zacharias; Cashier, Wm. Sippel; Asst. Cashier, Theo. Moor.

8606—Falls City National Bank, Falls City, Tex.; capital, $25,000; Pres., J. G. Schulz; Vice-Pres., J. W. Moczygemba; Asst. Cashier, F. P. Moczygemba.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Bridgeport—Bridgeport Realty & Trust Co.; capital, $300,000; Pres., W. J. Wellman; Vice-Pres., Leo K. Steiner; Cashier, Chas. F. Scofield.

Epes—Sumter Bank & Trust Co.; capital, $10,100; Pres., E. F. Ballard; Vice-Pres., A. S. Scarborough; Cashier, W. R. Lewellen.

Repton—Repton State Bank; capital, $15,000; Pres., H. L. Dees; Vice-Pres., W. M. Mathis; Cashier, Letcher Melton; Asst. Cashier, E. L. Kelly.

ARKANSAS.

Ben Lomond—Bank of Ben Lomond; capital, $8,500; Pres., W. C. Mize; Cashier, Cortez Brewer.

Grannis—State Bank; capital, $5,000; Pres., W. E. Hungate; Vice-Pres., A. Youmans; Cashier, Jno. P. Logan; Asst. Cashier, E. H. Poe.

Cherry Valley—Bank of Cherry Valley; capital, $5,000; Pres., C. P. Jones; Vice-Pres., J. H. Safford; Cashier, H. P. Maddox.

COLORADO.

Denver—Federal State and Savings Bank; capital $100,000; Pres., W. T. Ravenscroft; Vice-Pres., A. J. Broomfield.

FLORIDA.

Perry—Perry Banking Co.; capital, $40,000; Pres., D. G. Mollory; Vice-Pres., Jno. McLean and Thos. B. Puckett; Cashier, J. H. Scales.

Plant City—Bank of Plant City; capital, $30,000; Pres., A. Schneider; Vice-Pres., W. B. Herring; Cashier, H. B. Wordehoff; Asst. Cashier, H. H. Root.

GEORGIA.

Alma—Bank of Alma (branch of Baxley Banking Co.)

Comer—People's Bank; capital, $25,000; Pres., J. O. Norris; Vice-Pres., J. E. Stevens; Cashier, W. E. Brakefield.

Dallas—Commercial Savings Bank; capital $25,000; Pres., E. Davis; Vice-Pres., Frank Meek; Cashier, M. Clarke; Asst. Cashier, E. Davis.

Kite—Citizens' Bank; capital, $15,000; Pres., Wm. N. Knight; Vice-Pres., J. M. Nial; Cashier, J. S. Stephenson.

Oglethorpe—Macon County Bank; capital $15,000; Pres., J. A. Sasser; Vice-Pres., C. A. Greer; Cashier, Geo. B. Lockhart.

Villa Rica—Merchants and Planters' Bank; capital, $18,000; Pres., J. M. Moore; Vice-Pres., J. T. Henderson; Cashier, E. R. Ayers.

IDAHO.

Kellogg—Kellogg State Bank; capital, $25,000; Pres., J. H. Weber; Cashier, P. P. Weber.

ILLINOIS.

Georgetown—Citizens' Bank; capital, $25,000; Pres., Samuel Bennett; Vice-Pres., C. E. Lindley; Cashier, J. R. Dillon.

Litchfield—First State and Savings Bank; capital, $50,000; Pres., M. Morrison; Vice-Pres., J. W. Kidd; Cashier, M. W. Snell.

INDIAN TERRITORY.

Boley—Farmers and Merchants' Bank; capital, $5,000; Pres., W. H. Dill; Vice-Pres., T. M. Haynes; Cashier, D. J. Turner.

Mazie—Bank of Mazie; capital, $5,000; Pres., F. N. Winslow; Vice-Pres., Geo. Weaber; Cashier, F. W. Bull.

IOWA.

Davenport—Citizens' Trust and Savings Bank; capital, $100,000; Pres., E. C. Walsh; Vice-Pres., A. E. Walsh; Cashier, H. R. Krohn; Asst. Cashier, C. J. Calnan.

Middletown—Middletown State Savings Bank; capital, $12,000; Pres., W. H. Scott; Vice-Pres., Thos. Sutton; Cashier, M. E. Toothacre.

Ventura—State Savings Bank; capital, $10,000; Pres., F. M. Hanson; Vice-Pres., C. E. Klewer; Cashier, W. L. Mitchell.

KANSAS.

Atchison—Union Trust Co.; capital $100,000; Pres., A. J. Harwi; Vice-Pres., W. J. Bailey, J. P. Brown and W. P. Waggener; Sec'y and Treas., Chas. Finley.

Home—Citizens' State Bank; capital, $10,000; Pres., E. W. Zimmerling; Vice-Pres., W. H. Arnast; Cashier, M. M. Schmidt.

Lorraine—Lorraine State Bank; capital, $10,000; Pres., H. L. Steinberg; Vice-Pres., W. J. Splitter; Cashier, Q. R. Krehbiel.

Marysville—Citizens' State Bank; capital, $30,000; Pres., W. H. Smith; Vice-Pres., Geo. S. Hovey; Cashier, P. E. Laughlin, Asst. Cashier, Jos. Diverlkotte.

KENTUCKY.

Whitesburg—Whitesburg Citizens' Bank; capital, $15,000; Pres., J. H. Frazier; Vice-Pres., W. H. Potter; Cashier, B. E. Caudill; Asst. Cashier, Jas. S. Pendleton.

MICHIGAN.

Gagetown—State Savings Bank (successor to J. L. Purdy); capital $2,500; Pres., J. L. Purdy; Vice-Pres., J. L. Winchester; Cashier, T. C. Hunter.

Lowell—City State Bank (successor to City Bank); capital, $25,000; Pres., Orton Hill; Vice-Pres., J. S. Bergin and A. W. Weekes; Cashier, W. A. Watts; Asst. Cashier, T. A. Murphy.

Middleton—Bank of Middleton; capital, $8,000; Cashier, F. E. Kelsey.

MINNESOTA.

Little Fork—First Bank of Little Fork; capital, $4,000; Pres., A. D. Stephens; Cashier, Nils Muus.

Waverly—Citizens' State Bank; capital, $10,000; Pres., W. J. Walsh; Vice-Pres., J. F. Giblin; Cashier, W. H. Boland.

MISSISSIPPI.

Carson—Bank of Carson; capital, $10,000; Pres., H. T. McGehee; Vice-Pres., R. E. Halloway; Cashier, C. Speed.

MISSOURI.

Jefferson City—Farmers and Mechanics' Bank; capital, $20,000; Pres., F. W. Roer; Vice-Pres., Philipp Ott; Cashier, Jesse W. Henry.

St. Joseph—Citizens' Bank of St. Joseph; capital, $10,000; Pres., A. L. Graves; Vice-Pres., A. L. Bartlett; Cashier, Rufus Coy; Asst. Cashier, J. W. Devorss.

MONTANA.

Bear Creek—Bear Creek Banking Co.; capital, $10,000; Pres., B. E. Vaill; Cashier, J. Harry Wright.

Butte—Miners' Savings Bank and Trust Co.; capital, $200,000; Pres., David J. Charles; Vice-Pres., Louis Bernheim; Cashier, Nesbit Rochester; Asst. Cashier, Albert Rochester.

NEBRASKA.

Dorchester—Citizens' State Bank; capital, $15,000; Pres., N. P. Nelson; Vice-Pres., Wm. E. Nelson; Cashier, M. Nelson.

Ellis—Ellis State Bank; capital, $5,000; Pres., P. J. Zimmerman; Vice-Pres., J. H. Penner; Cashier, C. H. Mayborn.

Fordyce—Fordyce State Bank; capital, $10,000; Pres., J. M. Talcott; Vice-Pres., D. H. Matthews; Cashier, F. J. Suing.

Hordsville—First State Bank; capital, $12,000; Pres., N. Wilson; Vice-Pres., V. E. Wilson; Cashier, C. V. Nelson.

Winslow—Winslow State Bank; capital, $10,000; Pres., Hy. P. Weitkamp; Vice-Pres., G. W. Wolcott; Cashier, Wm. E. Kaufman.

NEW YORK.

Cohocton—Cohocton Banking Co.; Pres., Chas. Oliver; Vice-Pres., W. J. Faulkner; Cashier, G. A. Wentworth.

New York—Cosmopolitan Bank; capital, $100,000; Pres., Jesse Lantz; Vice-Pres., W. E. Andrews; Cashier, M. M. Corwin.

NORTH CAROLINA.

Polloksville—Polloksville Banking and Trust Co.; capital, $5,000; Pres., T. A. Green; Vice-Pres., H. A. Chadwick; Cashier, H. A. Creogh.

Richland—People's Bank; capital, $5,000; Pres., C. W. Sutton; Vice-Pres., W. B. Venters; Cashier, W. H. Henderson.

NORTH DAKOTA.

Brockett—Citizens' Bank; capital, $10,000; Pres., L. B. Ray; Vice-Pres., J. W. M. Nash and D. Kirk; Cashier, A. F. Moravetz; Asst. Cashier, J. W. H. Montgomery.

Douglas—Citizens' State Bank; capital, $10,000; Pres.. A. Tymeson, Jr.; Cashier, B. L. English.

OHIO.

Carroll—Farmers and Merchants' Bank Co.; capital, $12,500; Pres., Wesley Holmes; Vice-Pres., J. D. Hummell; Cashier, C. E. Kistler.

Mansfield—Security Savings and Trust Co.; capital, $100,000; Pres., E. Remy; Vice-Pres., J. M. Condon; Sec'y and Treas.. F. M. Remy.

Port William—Port William Banking Co.; capital, $12,500; Pres., F. J. Senthard; Vice-Pres., H. J. Andrews; Cashier, O. H. Stephens.

Willshire—Farmers and Merchants' State Bank; capital, $18,000; Pres., A. M. Foreman; Vice-Pres., H. G. Schum; Cashier, S. E. Hurless.

PENNSYLVANIA.

Allentown—E. R. Buenzle & Co.; capital $10,000; Pres.. E. R. Buenzle; Cashier, S. A. Weston (with branch at Harrisburg).

Hanover—Farmers' State Bank; capital, $45,000; Pres., D. F. Frey; Vice-Pres., J. S. Schwartz; Cashier, Henry M. Rudisill.

Philadelphia—Robert D. Ghriskey & Co. (Real Estate Trust Bldg.)

TENNESSEE.

Beechgrove—Beechgrove Bank; Pres., Geo. Ashley, Sr.; Vice-Pres., G. C. Thurman; Cashier, Clyde H. Shoffner; Asst. Cashier, J. C. McCrocklin.

Dyersburg—Mercantile Bank and Trust Co.; capital, $50,000; Pres., N. W. Calcutt; Vice-Pres., Tom. W. Neal; Cashier, C. Simpson; Asst. Cashier, W. C. Reed.

Newport—Cocke County Bank; capital, $25,000; Pres., J. A. Susong; Vice-Pres., J. J. Redmon; Cashier, L. S. Smith.

Parsons—Farmers' Bank; capital, $5,000; Pres., John H. Jennings; Vice-Pres.. M. L. Houston; Cashier, Joe Jennings.

Stayton—Stayton Bank and Trust Co.; capital, $5,000; Pres., B. W. S. Nicks; Cashier, Andrew McClellan.

TEXAS.

Bryson—First State Bank of Bryson; capital $10,000; Pres., W. A. Shown; Vice-Pres., H. C. Shanafelt; Cashier, Jas. Hayes.

Burlington—Burlington State Bank; capital, $15,000; Pres., G. W. Borclay; Vice-Pres., T. J. O'Neal; Cashier, W. A. Borclay.

Carleton—Farmers and Merchants' State Bank; capital, $16,000; Pres., N. B. Bowie; Vice-Pres., J. B. Curry and W. P. Barnes; Cashier, W. M. Chenly.

Cleburne—Texas State Bank and Trust Co.; capital, $50,000; Pres., Cato Sells; Vice-Pres., Jno. L. Cleveland and Jno. E. Poindexter; Cashier, J. B. Long.

Dayton—Dayton State Bank; capital, $10,000; Pres., L. Fouts; Vice-Pres., J. T. Tadlock; Cashier, W. T. Jamison.

Dimmitt—First State Bank; capital, $12,000; Pres., C. E. McLean; Cashier, B. Rowan.

East Bernard—Union State Bank; capital, $10,000; Pres.; J. G. Leveridge; Vice-Pres., Wm. Wiley; Cashier, H. P. Stockton; Asst. Cashier, S. E. Morrison.

Graford—First State Bank; capital, $25,000; Pres., J. L. Cunningham; Vice-Pres., Robt. P. Lee; Cashier, W. R. Sikes.

Italy—Farmers' State Bank; capital, $25,000; Pres., T. E. Moore; Vice-Pres., P. E. Wood; Cashier, Whit George.

Madisonville—Farmers' State Bank; capital, $25,000; Pres., E. M. Thomason; Vice-Pres., Wm. Harburk, J. M. Brownlee, Jr., and A. Viser; Cashier, J. J. Jopling; Asst. Cashier, Hulon Sterling.

Millsap—First State Bank; capital, $10,000; Pres., G. A. Holland; Vice-Pres., S. R. Peters; Cashier, Jas. H. Doss; Asst. Cashier, A. O. Moran.

Normangee—Bank of Normangee (P. O. Rogers Prairie); capital, $10,000; Pres., W. E. Richards; Vice-Pres., J. H. Wooley; Cashier, W. A. Mixon.

Princeton—Citizens' State Bank; capital, $16,000; Pres., J .L. Chapman; Vice-Pres., R. L. Davis; Cashier, W. C. Wilson.

Shamrock—Shamrock State Bank; capital, $10,000; Pres., E. H. Small; Vice-Pres., I. Q. Sewell; Cashier, C. I. Holden; Asst. Cashier, O. T. Nicholson.

VIRGINIA.

Lawrenceville—Savings Bank of Lawrenceville; Pres., W. T. Sledge; Vice-Pres., M. Smithey; Cashier, J. E. Snow; Asst. Cashier, W. D. Hall.

WASHINGTON.

Seattle—Bank for Savings; capital, $400,000; Pres., D. Kelleher; Vice-Pres., R. Auzias Turenne; Sec'y, O. H. P. LaFarge; Cashier, L. C. Palmer.

CUBA.

Manzanillo—Royal Bank of Canada; Mngr., F. Shute.

CANADA.

MANITOBA.

Winnipeg—Home Bank of Canada; Mngr., A. F. Forrest.

ONTARIO.

Alliston—Home Bank of Canada; Mngr., Frank H. Hurst.
Aurora—Bank of Toronto; Mngr., H. A. Sims.
Callender—Sovereign Bank of Canada; E. V. Campion, pro. Mngr.
Cannington—Home Bank of Canada; Mngr., A. E. Marks.
Colborne—Bank of Toronto; Mngr., A. R. Malton.
Haileybury—Sovereign Bank of Canada; Mngr., A. F. Howden.
Haliburton—Sterling Bank of Canada; Mngr., O. W. Borrett.
Hamilton—Sovereign Bank of Canada; Mngr., W. Wallace Bruce.
Hickson—Western Bank of Canada; Mngr., Geo. W. King.
Ingersoll—Royal Bank of Canada; Mngr., Geo. Batcheller.
Lindsay—Canadian Bank of Canada; Mngr., W. C. T. Morson.
New Liskeard—Sovereign Bank of Canada; Mngr., F. L. Stephen.
North Bay—Sovereign Bank of Canada; Mngr., G. W. McFarland.
Ottawa—Standard Bank; Mngr., E. C. Green.
Shakespeare—Western Bank of Canada; Mngr., F. H. Carswell.
Wooler—Metropolitan Bank; Mngr., M. S. Brennan.

QUEBEC.

Ayers Cliffe—Eastern Townships Bank; Mngr., S. H. Ball.
Knowlton—Eastern Townships Bank; Mngr., J. M. O'Halleron.
L'Islet—Banque Nationale; Mngr., J. R. Furmel.
Montreal—Banque de St. Jean; Mngr., P. S. L. Heureux.
New Carlisle—Banque Nationale; Mngr., J. E. M. Robert.
North Hatley—Eastern Townships Bank; Mngr., S. N. Ball.
St. Eustache—Banque Provinciale; Mngr., J. W. L. Forget.
St. Lambert—Bank of Toronto; Mngr., D. Coulson.
St. Tite—Banque Nationale; Mngr., G. B. Lefleur.
Yamachiche — Banque Provinciale; Mngr., A. V. Bellemare.

SASKATCHEWAN.

Lashburn—Canadian Bank of Commerce.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Brantley—First National Bank; J. J. Rainer, Cashier, in place of J. R. Wilks.
Decatur—First National Bank; W. B. Shakelford, Cashier, in place of W. W. Littlejohn; E. I. Hitt, Asst. Cashier, in place of W. B. Shakelford.
Dothan—Third National Bank; Joseph Harrison, Asst. Cashier.
Elba—First National Bank; L. C. Powell, Cashier, in place of Y. W. Ranier; S. W. Boyd, Asst. Cashier, in place of L. C. Powell.
Eureka Springs—First National Bank; R. G. Floyd, Pres., in place of M. R. Regan; L. Haneke, Vice-Pres., in place of J. K. Smith; L. E. Baird, Asst. Cashier.
Gadsden—Queen City Bank; Chas. S. Ward, Vice-Pres., resigned.
Linden—First National Bank; G. J. Lewis, Vice-Pres., in place of J. N. Fortner.
Luverne—First National Bank; F. M. T. Tankersley, Second Vice-Pres.
New Decatur—Morgan County National Bank; G. A. Hoff, Pres., in place of W. A. Bibb; F. A. Bloodworth, Cashier, in place of G. A. Hoff.
Opp—First National Bank; J. E. Henderson, Pres., in place of W. H. Holloway; J. Benton, Vice-Pres., in place of J. E. Henderson; S. W. Boyd, Cashier, in place of F. J. Mizell.
Sheffield—Sheffield National Bank; H. B. Urquhart, Cashier, in place of S. McGaughey.
Sylacauga—First National Bank; S. P. McDonald, Pres., in place of Benj. Russell; F. M. McDonald, Cashier, in place of S. P. McDonald.
Troy—Farmers and Merchants' National Bank; L. M. Bashinsky, Vice-Pres.; C. H. Cowart, Cashier, in place of L. M. Bashinsky; F. Henderson, Jr., Asst. Cashier, in place of C. H. Cowart.

ARKANSAS.

Bentonville—Benton County National Bank; R. A. Pickens, Pres., in place of W. E. Adams; E. C. Pickens, Asst. Cashier, in place of C. H. Kelly.
Clarendon—Merchants and Planters' Bank; capital increased to $100,000.
Corning—First National Bank; D. B. Renfro, Jr., Cashier, in place of L. F. Maynard.
DeWitt—Bank of DeWitt and Home State Bank, consolidated; title changed to Home Bank of DeWitt.
Fayetteville—First National Bank; J. F. Hight, Pres., in place of S. P. Pittman.
Fort Smith—American National Bank; C. D. Mowen, Vice-Pres., in place of T. W. M. Boone.
Hot Springs—Citizens' National Bank; D. Beitler, Pres., in place of J. A. Townsend; Gus Strauss and Harry

Williams, Vice-Pres., in place of D. Beitler and J. P. Eagle; S. W. C. Smith, Asst. Cashier.

Houston—First Bank; title changed to Bank of Houston.

Leslie—Farmers' Bank; capital increased to $25,000.

Marshall—Marshall Bank; capital increased to $25,000.

Paragould—First National Bank; J. H. Kitchens, Vice-Pres.; J. M. Lowe, Cashier, in place of J. H. Kitchens; J. C. Markham, Asst. Cashier, in place of J. M. Lowe.

Prescott—Citizens' Bank; J. M. Pittman, Pres., in place of C. C. Hamby.

Thornton—Bank of Thornton; W. C. Ribenack, Vice-Pres.; B. Brynteson, Cashier.

CALIFORNIA.

Alhambra—First National Bank; R. J. Waters, Pres., instead of H. D. McDonald; H. D. McDonald, Vice-Pres.

Azusa—United States National Bank; J. W. Calvert, Vice-Pres., in place of E. R. Jeffrey.—United States National Bank; C. L. Smith, Asst. Cashier.

Corona—First National Bank; C. A. Kinney, Pres., in place of W. E. Hibbard; W. H. Jameson, Vice-Pres., in place of C. A. Kinney.

Cucamonga—First National Bank; O. H. Stanton, Pres., in place of C. F. Thorpe; C. F. Thorpe, Vice-Pres., in place of O. H. Stanton.

Hanford—Hanford National Bank; W. V. Buckner, Pres., in place of Jno. Ross; Jno. Ross, Vice-Pres., in place of L. Hansen.

Hollywood—First National Bank; Jno. Law, Pres., in place of G. W. Hoover; J. B. Brokaw and F. M. Douglass, Vice-Pres., in place of Jno. Law and J. C. Kays.—Hollywood National Bank; G. H. Beesemyer, Asst. Cashier.

Huntington Beach—First National Bank; S. L. Blodget, Cashier in place of J. F. Heartwell.

Lemoore—First National Bank; S. McLaughlin, Pres., in place of B. K. Sweetland; C. H. Bailey, Vice-Pres., in place of S. McLaughlin.

Long Beach—National Bank of Long Beach; P. E. Hatch, Vice-Pres., in place of Geo. Summers; E. E. Norton, Cashier, in place of P. E. Hatch; A. V. Bradford, Asst. Cashier, in place of E. E. Norton.

Los Angeles—American National Bank; T. W. Phelps, Vice-Pres., in place of J. G. Mossin, deceased; no Vice-Pres. in place of Geo. Chaffey; Wm. W. Woods, Cashier, in place of T. W. Phelps; no Asst. Cashier in place of W. W. Woods and J. W. Phelps.—National Bank of Commerce; Jno. Harlan, Vice-Pres., in place of L. A. McConnell.

Monrovia—American National Bank; W. B. Scarborough, Pres., in place of W. S. Newhall; Chas. Anderson, Vice-Pres., in place of W. B. Scarborough.

Ocean Park—First National Bank; E. J. Vawter, Jr., Pres., in place of E. J. Vawter; E. J. Vawter, Vice-Pres., in place of E. J. Vawter, Jr.

Pasadena—San Gabriel Valley Bank; R. H. Miller, Cashier.

Redondo—First National Bank; N. Bonfilio, Vice-Pres., in place of H. B. Rollins; O. C. Hinman, Vice-Pres.

San Diego—National Bank of Commerce; M. Klauber, Vice-Pres.; L. M. Arey, Asst. Cashier, in place of J. C. Rice.

San Francisco—Germania National Bank; R. F. Crist, Vice-Pres.—United States National Bank; L. B. Hesse and Wm. H. Pabst, Asst. Cashiers.

San Jacinto—First National Bank; E. H. Spoor, Pres., in place of A. W. Wright.

Santa Ana—First National Bank; F. M. Robinson, Asst. Cashier, in place of D. H. Thomas.

Sonora—First National Bank; T. F. Symons, Vice-Pres.

Turlock—First National Bank; F. W. Hosmer, Cashier, in place of C. O. Anderson; A. G. Elmore, Asst. Cashier, in place of F. W. Hosmer.

Upland—First National Bank; no Pres. in place of J. G. Mossin, deceased.

Wheatland—Farmers' Bank; R. Brewer, Asst. Cashier.

COLORADO.

Arvada—First National Bank; W. W. Pickett, Asst. Cashier.

Berthoud—First National Bank; D. W. McCarty, Pres., in place of T. H. Robertson; F. A. Bein, Vice-Pres., in place of D. W. McCarty.

Canon City—Fremont Co. National Bank; J. S. Raynolds, Vice-Pres.

Fort Morgan—Morgan County National Bank; W. J. Stewart, Asst. Cashier.

Fountain—First National Bank; S. Frasier, Cashier, in place of W. S. Frazier; Clara W. Frasier, Asst. Cashier.

Golden—Woods-Rubey National Bank; J. W. Rubey, Vice-Pres.

Hugo—First National Bank; Jno. P. Dickinson and A. McIntyre, Vice-Pres.; A. K. LaDue, Asst. Cashier.

Longmont—Longmont National Bank; I. J. Meade, Cashier, in place of F. W. Flanders; J. F. Meade, Asst. Cashier, in place of J. W. White.

Loveland—First National Bank; F. M. Kern, Cashier, in place of I. J. Meade.

Salida—Commercial National Bank; D. H. Craig, Vice-Pres.—First National Bank; H. Preston, Cashier, in place of D. H. Craig; F. C. Woody, Asst. Cashier, in place of H. Preston.

Silverton—Silverton National Bank; H. G. Heath, Asst. Cashier, in place of W. M. Montgomery.
Walsenburg—First National Bank; R. L. Snodgrass, Cashier, in place of Ernst Ruth.
Windsor—First National Bank; J. A. Johnston, Vice-Pres., in place of C. F. Potter.

CONNECTICUT.

Bridgeport—Connecticut National Bank; H. Shelton, Vice-Pres.; L. B. Powe, Cashier, in place of H. S. Shelton; T. C. Cumming, Asst. Cashier, in place of L. B. Powe.
Danbury—Danbury Savings Bank; J. W. Bacon, Pres., deceased.
Essex—Saybrook Bank; Harry B. Barnes, Cashier.
Greenwich—Greenwich National Bank; R. L. Chamberlain, Vice-Pres.
New Britain—Savings Bank of New Britain; E. N. Stanley, Treas.
New Haven—New Haven Savings Bank; S. E. Merwin, Pres., deceased.
Stamford—First National Bank; H. Bell, Pres., in place of A. R. Turkington, deceased; E. L. Scofield, Vice-Pres.; C. W. Bell, Cashier, in place of H. Bell.
Thomaston—Thomaston National Bank; J. A. Doughty, Pres., in place of D. S. Plume, deceased—Wm. T. Woodruff, Vice-Pres., in place of C. F. Williams.

FLORIDA.

Jasper—First National Bank; P. D. Sandlin, Vice-Pres., in place of P. H. Sandlin; B. B. Blackwell, Cashier, in place of H. de G. Stewart.
Lake City—First National Bank; P. Rosemond, Cashier, in place of J. O. Harris.
Milton—First National Bank; A. E. Mann, Asst. Cashier.
St. Petersburg—National Bank of St. Petersburg; A. G. Marchant, Asst. Cashier, in place of A. M. Lowe.

GEORGIA.

Athens—Georgia National Bank; A. T. Conway, Asst. Cashier.
Blakely—First National Bank; J. R. Pottle and C. M. Deal, Vice-Pres., in place of A. G. Powell and T. R. McDonald.
Calhoun—Calhoun National Bank; O. N. Starr, Pres., in place of P. M. Tate; Paul B. Trammell, Vice-Pres., in place of O. N. Starr; Claud E. David, Asst. Cashier.
Cochran—First National Bank; R. H. Peacock, Asst. Cashier, in place of J. B. Thompson.
Columbus—Merchants and Mechanics' Bank; J. K. Hinde, Cashier.
Dawson—City National Bank; W. A. McLain, Vice-Pres., in place of M. M. Lowrey; no Vice-Pres. in place of W. H. Davis.
Dublin—City National Bank; A. T. Sunerlin, Vice-Pres.
Edison—Bank of Edison; C. J. Rambo, Pres.; L. C. Maury, Cashier.
Eastman—Citizens Banking Co.; capital increased to $100,000.
Elberton—Elberton Loan and Savings Bank; capital increased to $75,000.
Greensboro—Greensboro National Bank; F. A. Shipley, Asst. Cashier, in place of J. H. McCommons, Jr.
Iron City—Citizens' Bank; W. S. Lee, Cashier.
Madison—First National Bank; R. N. Thomason, Second Vice-Pres.
Newnan—Newnan Banking Co.; J. S. Hardaway, Jr., Asst. Cashier.
Rome—Southern Banking and Trust Co., and W. J. West & Co.; W. J. West, Pres., deceased.
Savannah—Savannah Trust Co.; Wm. V. Davis, Vice-Pres., in place of G. J. Baldwin, resigned; J. G. Straus.
Shellman—First National Bank; H. A. Crittenden, Pres.; H. O. Crittenden and C. W. Martin, Vice-Pres.
Sparks—Merchants and Farmers' Bank; capital increased to $50,000.
Stillmore—Exchange Bank; J. H. Biddenback, Cashier, in place of W. C. Myers, resigned.
Thomson—Bank of Thomson; H. A. Burnside, Asst. Cashier.
Tifton—National Bank of Tifton; H. C. Baker, Pres., in place of L. O. Benton; L. O. Benton, Vice-Pres.
Washington—Bank of Wilkes; capital increased to $50,000.
West Point—First National Bank; W. C. Lanier, Vice-Pres., in place of L. Lanier.

IDAHO.

Boise—Idaho National Bank; H. J. Dick, Cashier, in place of T. J. LeHane.
Idaho Falls—Anderson Bros. Bank; C. C. Campbell, Pres.; M. M. Hitt, Cashier; A. L. Campbell, Asst. Cashier.
Mountainhome—First National Bank; H. E. Reckmeyer, Cashier, in place of W. A. Reynolds.
Salmon—First National Bank; M. M. McPherson, Pres., in place of H. G. King; N. I. Andrews, Vice-Pres., in place of M. M. McPherson; H. G. King, Cashier, in place of Timothy Dore.
Twin Fills—First National Bank; F. F. Johnson, Pres., in place of I. B. Perrine; W. E. Nixon, Asst. Cashier.

ILLINOIS.

Atlanta—Atlanta National Bank; H. C. Hawes, Pres., in place of J. P. Hieronymus; J. P. Hieronymus, Vice-Pres.; M. E. Stroud, Cashier, in place of J. B. Jordan.
Aurora—Old Second National Bank; C. H. Smith, Vice-Pres., in place of V. A. Watkins; DeWitt Simpson, Second

Vice-Pres.; R. H. Robinson. Second Asst. Cashier.

Brookport—Brookport National Bank; H. W. Holifield, Vice-Pres., in place of J. D. Young.

Catlin—First National Bank; Herman E. Douglas, Asst. Cashier.

Chicago—Drovers' Deposit National Bank; W. A. Tilden, Pres., in place of W. H. Brintnall; R.T. Forbes, Vice-Pres., in place of E. Tilden; G. M. Benedict, Cashier, in place of W. A. Tilden; no Asst. Cashier in place of Geo. M. Benedict.—Monroe National Bank; Wm. N. Jarnagin, Asst. Cashier.

Chrisman—First National Bank; C. L. Kenton, Vice-Pres., in place of A. W. Lindley.

Colchester—National Bank of Colchester; B. F. McLean, Vice-Pres.; E. R. McLean, Cashier, in place of B. F. McLean; I. N. Boyd, Asst. Cashier.

Collinsville—State Bank of Collins; capital increased to $100,000.

Danville—Second National Bank; T. E. Brown, Asst. Cashier, in place of R. W. Martin.

East St. Louis—Illinois State Trust Co.; F. F. Joyner, Vice-Pres. and Cashier; R. L. Rinaman, Vice-Pres. and Sec'y; J. E. Combs, Asst. Cashier.

Elgin—Union National Bank; Jno. A. Russell, Vice-Pres., in place of W. W. Sherwin.

Enfield—First National Bank; Jno. H. Sterling, Vice-Pres., in place of J. M. Jordan.

Erie—First National Bank; O. A. Wilson, Vice-Pres., in place of Arthur McLane, deceased.

Golconda—First National Bank; Henry Walter, Jr., Pres., in place of W. A. Whiteside.

Goreville—First National Bank; J. B. Hudgens, Cashier, in place of R. A. Parks.

Grand Ridge—First National Bank; C. A. Porter, Vice-Pres., in place of I. H. Parshall.

Greenfield—First National Bank; E. K. Metcalf, Vice-Pres.

Johnson City—First National Bank; Wm. Hudelson, Vice-Pres., in place of W. J. Burgess.

Martinsville—First National Bank; L. Logue, Pres., in place of A. S. Phelps; H. Ishler, Vice-Pres., in place of O. E. Tannan; H. Gasaway, Vice-Pres.

McLeansboro—First National Bank; J. H. Lane, Vice-Pres., in place of I. H. Webb.

Millstadt—First National Bank; A. W. Baltz, Asst. Cashier.

Mount Olive—First National Bank; O. F. Allen, Pres., in place of C. B. Munday; Jno. F. Prange and C. B. Munday, Vice-Pres., in place of O. F. Allen and F. W. Hartke.

Moweaqua—First National Bank; W. Gregory, Second Asst. Cashier.

Nauvoo—State Bank of Nauvoo; capital increased to $100,000.

Neoga—Neoga National Bank; G. C. Duensing, Cashier, in place of L. A. Osborne.

New Haven—First National Bank; Jno. Barnett, Cashier.

New Richmond—Corn Exchange Bank; Wm. Kirkpatrick, Cashier.

Nokomis—Farmers' National Bank; Geo. Bliss, Pres., in place of T. J. Whitten; August Weber, Vice-Pres., in place of Geo. Bliss.

Peoria—Dime Savings Bank; Geo. W. Curtiss, Pres., in place of S. R. Clark; Jno. E. Keene, Vice-Pres.; Jno. P. Durkin, Sec'y.—Savings Bank of Peoria; H. Hedrick, Pres., in place of W. A. Herron.

Shawneetown—First National Bank; C. W. Allen, Asst. Cashier.

Sidell—First National Bank; S. F. Baldwin, Cashier, in place of J. F. Teague.

Sparta—First National Bank; W. J. Brown, Vice-Pres., in place of G. C. Eiker.

Toulon—State Bank; E. H. Lloyd, Cashier.

Villa Grove—First National Bank; M. M. Henson, Pres., in place of S. C. Henson; S. C. Henson, Cashier, in place of W. P. Anderson.

Westfield—First National Bank; J. Goble, Pres., in place of J. E. Carr; J. E. Carr, Vice-Pres., in place of Alva Biggs.

INDIANA.

Auburn—City National Bank; F. E. Davenport, Vice-Pres. and Cashier, in place of K. W. Black; F. H. Nicolai, Asst. Cashier.

Borden—Borden State Bank; C. E. McKinley, Pres.

Decatur—First National Bank; Thos. J. Durkin, Asst. Cashier.

Farmland—First National Bank; L. W. Greene, Pres., in place of F. P. Shaw, deceased.

Flora—Bright National Bank; Jno. F. Wickard, Vice-Pres., in place of F. C. Horner.

Fort Wayne—Citizens' Trust Co.; H. Michael, Vice-Pres.; Jno. C. Wolfrun, Cashier.

Goshen—Elkhart County Trust Co.; W. K. Jacobs, Asst. Cashier.

Indianapolis—Union National Bank; James M. McIntosh, Pres., in place of W. J. Richards; W. J. Richards, Vice-Pres.; Wm. F. Fox, Second Asst. Cashier.

Lawrenceburg — Dearborn National Bank; H. A. Bobrink, Vice-Pres., in place of Wm. Mitchell; E. R. Shaw, Asst. Cashier.

Marion—Marion National Bank; J. L. McCulloch, Pres., in place of F. W. Willson.

Montgomery—First National Bank; H. D. McGary, Pres., in place of J. M. Crawford; C. W. Slinkard, Cashier, in place of C. C. Martin.
Mooresville—First National Bank; Jno. C. Webb, Vice-Pres., in place of Jno. Gibbs.
Morgantown—First National Bank; W. M. Anderson, Pres., in place of J. R. Shank.
Morristown—Union State Bank; B. H. Binford, Vice-Pres., deceased.
Mulberry—Farmers' National Bank; J. W. Hazlett, Asst. Cashier.
New Harmony—First National Bank; J. N. Whitehead and C. R. Chadwick, Asst. Cashiers.
Shelburne—First National Bank; H. V. Bolinger, Asst. Cashier.
Warren—First National Bank; H. E. Laymon, Pres., in place of D. H. Griffith.
Whiting—First National Bank; F. J. Smith, Pres., in place of G. J. Bader.

INDIAN TERRITORY.

Ada—Ada National Bank; M. C. Copeland, Vice-Pres., in place of J. L. Barringer.
Antlers—Citizens' National Bank; Geo. Stephenson, Vice-Pres., in place of S. P. Aucker.
Atoka—Atoka National Bank; L. R. Teubner, Vice-Pres., in place of T. F. Memminger.
Bennington—First National Bank; W. O. Byrd, Pres., in place of W. E. Utterback; L. T. Martin, Cashier, in place of W. O. Byrd.
Boswell—Boswell National Bank; T. H. Bayless, Vice-Pres., in place of T. W. Hunter.
Broken Arrow—Arkansas Valley National Bank; S. M. Allen, Pres., in place of W. S. Fears.
Caddo—Caddo National Bank; F. P. Semple, Asst. Cashier.
Calvin—Citizens' National Bank; A. U. Thomas, Vice-Pres.—First National Bank; C. E. Head, Vice-Pres.; in place of Frank Craig.
Colbert—First National Bank; W. H. McCarley, Pres., in place of G. A. Ramsey; T. Hamilton, Cashier, in place of W. H. McCarley.
Comanche—Comanche National Bank; C. S. Wade, Cashier, in place of Roy Bodenhamer.
Coweta—First National Bank; C. C. Hultquist, Vice-Pres., in place of J. L. Dabbs; N. C. Ownby, Asst. Cashier.
Dustin—First National Bank; L. J. Myers, Cashier, in place of E. E. Lewis.
Eufaula—First National Bank; F. P. McConnell, Cashier.
Fort Gibson—First National Bank; J. L. Landwirth, Pres., in place of R. E. Butler; J. M. Pierce, Vice-Pres., in place of J. L. Landwirth.
Hartshorne—First National Bank; M. L. Thompson, Cashier, in place of C. R. Birnbaum.
Idabel—First National Bank; R. M. De Witt, Asst. Cashier.
Keota—First National Bank; E. C. Million, Vice-Pres., in place of J. F. Price.
Konawa—First National Bank; F. P. Swan, Asst. Cashier.
Lehigh—Lehigh National Bank; Wm. Menton, Vice-Pres., in place of J. Haas; no Asst. Cashier in place of Hugo Haas.
Muskogee—City National Bank; V. R. Coss, Vice-Pres., in place of G. A. Murphy; B. A. Randle, Cashier, in place of V. R. Coss.
Okmulgee—Okmulgee National Bank; R. D. Carpenter, Cashier, in place of C. E. Regnier.
Porum—First National Bank; H. O'Keefe, Vice-Pres.
Ramona—First National Bank; A. S. Burrows, Vice-Pres., in place of A. D. Morton.
Stonewall—First National Bank; I. H. Strickland, Vice-Pres., in place of R. A. Jackson.
Stratford—First National Bank; J. M. Bayless, Pres.; M. F. Bayless, Cashier, in place of C. S. Hudson; C. S. Anderson, Asst. Cashier.
Talihina—First National Bank; H. H. Dodd, Asst. Cashier.
Vinita—Farmers' National Bank; D. H. Wilson, Vice-Pres., in place of J. A. Leforce.
Wapanucka—People's National Bank; S. L. Barnes, Cashier, in place of E. O. Loomis.
Wetumka—American National Bank; Geo. Appling, Vice-Pres., in place of J. P. Atkins.
Wewoka—Farmers' National Bank; O. F. McConnell, Cashier, in place of A. V. Skelton.—First National Bank; W. E. Dixon, Cashier, in place of O. F. McConnell.
Wilburton—First National Bank; W. C. Allen, Pres., in place of H. D. Price; R. H. Lusk, Cashier, in place of W. C. Allen.

IOWA.

Anamosa—Anamosa National Bank; Geo. L. Shoonover, Pres., in place of L. Shoonover; P. Chamberlain, Cashier, in place of Geo. L. Shoonover.
Boone—Boone National Bank; Jno. Cooper, Vice-Pres., in place of F. C. Farrow; A. W. Burnside, Asst. Cashier.
Dunkerton—First National Bank; F. C. Braniger, Cashier, in place of W. W. Beal, Jr.
Elliott—First National Bank; J. M. Logan, Asst. Cashier.
Emmetsburg — Emmetsburg National Bank; P. S. Brown, Asst. Cashier.
Fontanelle—First National Bank; G. F. Faurote, Asst. Cashier, in place of

E. W. Adams; G. H. Hulbert, Asst. Cashier.
Garner—Farmers' National Bank; G. E. Troeger, Vice-Pres., in place of C. S. Terwilliger; C. R. Sweigard, Second Asst. Cashier.
Glenwood—Wm. M. Lamb; E. Herrick, Cashier, in place of T. Q. Record.
Guthrie Center—Citizens' National Bank; F. R. Jones, Cashier, in place of O. D. Williams; F. C. Roberts, Asst. Cashier, in place of F. R. Jones. —First National Bank; W. A. Lane, Asst. Cashier.
Harvey—First National Bank; W. G. Maddy, Pres., in place of R. G. Harvey; no Vice-Pres., in place of T. J. Neiswanger.
Havelock—First National Bank; A. G. Obrecht, Pres., in place of J. P. Farmer; A. F. Clarke, Cashier, in place of W. H. Harris.
Hull—First National Bank; B. F. Hawkins, Vice-Pres., in place of Jno. Van de Berg.
Humboldt—First National Bank; D. A. Ray, Pres., in place of E. A. Wilder.
Iowa Falls—First National Bank; W. H. Woods, Pres., in place of E. S. Ellsworth; C. H. Burlingame, Cashier, in place of W. H. Woods; no Asst. Cashier in place of C. H. Burlingame.
Lineville—First National Bank; Geo. Rockhold, Pres., in place of J. P. Jordan; C. W. Elson, Vice-Pres., in place of Geo. Rockhold; G. W. Molleston, Asst. Cashier, in place of Gerald Molleston.
McCallsburg—McCallsburg State Bank; F. John, Cashier, in place of N. H. Nelson.
Mediapolis—State Bank; W. V. Lloyd, Pres.
Monroe—Monroe National Bank; Fred Whitehead, Vice-Pres., in place of J. P. Johnston.
Moulton—First National Bank; A. Post, Vice-Pres., in place of G. W. Blosser.
New Hampton—Second National Bank; T. K. Young, Vice-Pres., in place of L. Padden.
New London—New London National Bank; W. J. Francy, Pres., in place of W. L. Weller; Sam'l Keiser, Vice-Pres., in place of W. J. Francy.
Northwood—First National Bank; E. H. Evanson, Asst. Cashier, in place of T. L. Ringham.
Olin—First National Bank; L. M. Carpenter, Vice-Pres., in place of G. W. Huber.
Pella—Citizens' National Bank; H. Wormhoudt, Pres., in place of L. Kruidenier; L. Van Rees, Vice-Pres., in place of H. Wormhoudt; L. Kruidenier, Cashier.
Pocahontas—First National Bank; no Asst. Cashier in place of E. F. Shors.
Rake—Ross Banking Co., title changed to Rake Banking Co.
Riceville—First National Bank; E. R. St. John, Asst. Cashier.
Sioux City—Live Stock National Bank; L. S. Critchell, Vice-Pres.
Thornton—First National Bank; J. L. James, Cashier, in place of C. A. Parker.
Tipton—City National Bank; C. Swartzlender, Cashier, in place of Paul Heald.
Walker—Exchange State Bank; M. Schneider, Vice-Pres.; Theo. Hawkinson, Asst. Cashier.
Yetter—State Savings Bank; C. A. Norchaus, Cashier, in place of C. E. Richards.

KANSAS.

Almena—First National Bank; W. E. Malcolm, Asst. Cashier.
Arrington—State Bank of Arrington; Wm. Stocking, Cashier.
Barnard—First National Bank; J. W. Bridenstine, Vice-Pres., in place of J. E. Wilfong.
Blaine—Blaine State Bank; T. M. O'Connor, Vice-Pres., in place of C. O. Musser.
Clifton—First National Bank; I. C. Rush, Asst. Cashier, in place of F. Vicory.
Concordia—First National Bank; E. C. Whitcher, Cashier, in place of W. W. Bowman; J. B. Wood, Asst. Cashier, in place of E. C. Whitcher.
Delphos—First National Bank; J. B. Sage, Pres., in place of W. W. Bowman; E. L. Chapin, Vice-Pres., in place of J. B. Sage.
Erie—Allan State Bank; Fred Carter, Cashier; C. C. Coffman, Asst. Cashier.
Fort Scott—Citizens' National Bank; C. A. Lakin, Vice-Pres., in place of C. H. Osbun; J. T. Beatty, Cashier, in place of C. B. McDonald.
LaHarpe—First National Bank; Thos. J. Anderson, Pres., in place of W. O. Lenhart; Sam'l Malcom, Second Vice-Pres., in place of J. A. Brown; L. P. Coblentz, Cashier, in place of D. Runyan.
Medicine Lodge—People's State Bank; G. F. Guthrie, Cashier.
Mound Valley—First National Bank; B. Johnson, Vice-Pres., in place of E. B. West.
Ottawa—First National Bank; V. O. N. Smith, Asst. Cashier.
Sedan—People's National Bank; S. C. Tucker, Pres., in place of J. K. Tulloss.
South Haven—South Haven Bank; E. B. Wilmer, Vice-Pres.
St. John—St. John National Bank; F. B. Gillmore, Vice-Pres., in place of George Sill.
Stockton—Stockton National Bank; Geo. Yoxall, Second Vice-Pres.
Troy—First National Bank; J. S. Norman, Pres., in place of Hy. Boder, Jr.; C. V. Norman, Cashier, in place of J. S. Norman.

KENTUCKY.

Berea—Berea National Bank; J. W. Fowler, Vice-Pres., in place of W. Kelly.
Bowling Green—Bowling Green National Bank; J. H. Wilkerson, Vice-Pres., in place of A. R. White.
Clay—Webster County Bank; G. W. White, Pres.; J. B. Blackwell, Cashier.
Corbin—First National Bank; James Downing, Asst. Cashier.
Dry Ridge—First National Bank; J. A. Bracht, Vice-Pres., in place of J. R. Ervin.
Eddyville—First National Bank; A. C. Ramey, Pres., in place of T. H. Molloy; J. F. Ramey, Vice-Pres., in place of A. C. Ramey; W. N. Cummins, Cashier, in place of James F. Ramey.
Georgetown — Georgetown National Bank; W. O. Carrick, Vice-Pres.
Hazard—First National Bank; J. Stacy, Vice-Pres., in place of E. H. Holliday.
Hopkinsville—First National Bank; B. Russell, Asst. Cashier.
Mayfield—Farmers' National Bank; L. W. Key, Pres., in place of J. M. Gillum.
Olive Hill—Olive Hill National Bank; Claud Wilson, Cashier, in place of E. D. Gray.
Owensboro—Mechanics' Bank; capital increased to $40,000.
Owenton—First National Bank; J. A. Wood, Vice-Pres., in place of J. E. Cox.
Richmond—Richmond National Bank; A. R. Burnam, Vice-Pres., in place of I. S. Irvine.
Sebree—First National Bank; V. Sullenger, Cashier, in place of Joel Bailey. —Sebree Deposit Bank; B. F. Jewell, Vice-Pres.
West Liberty—First National Bank; C. W. Womack, Vice-Pres., in place of W. G. Blain; D. S. Wormack, Cashier, in place of H. C. Thompson.

LOUISIANA.

Arcadia—First National Bank; P. M. Atkins, Vice-Pres.; S. E. Smith, Asst. Cashier, in place of T. H. Tarver.
Delhi—Bank of Delhi; W. F. Taylor, Pres.; J. D. Henry, Vice-Pres.
Mansfield—First National Bank; T. L. Dowling, Cashier, in place of Robert Pitchford.
Morgan City—First National Bank; E. A. Pharr, Vice-Pres., in place of J. J. Greenwood.
New Orleans — Merchants National Bank; Chas. de B. Claiborne, Pres., in place of J. M. Sherrouse; O. La Cour, First Vice-Pres., in place of Chas. de B. Claiborne; Guy Hopkins, Second Vice-Pres.; A. B. La Cour, Cashier, in place of Jos. L. Quealey; no Asst. Cashier in place of Arthur B. La Cour.—Metropolitan Bank; S. V. Fornaris, Vice-Pres. — Whitney Central National Bank; C. Godchaux, Pres., in place of Geo. Q. Whitney, deceased; C. M. Whitney, Vice-Pres., in place of C. Godchaux.
Shreveport—First National Bank; A. Querbes and W. S. Penick, Jr., Vice-Pres.; no Asst. Cashier in place of M. Ricks, Jr.
Waterproof—Bank of Waterproof; D. J. Weaver, Cashier.

MAINE.

Augusta—Granite National Bank; Treby Johnson, Pres., in place of J. W. Chase, deceased; A. E. Barbour, Cashier, in place of Treby Johnson.
Bethel—Bethel National Bank; D. S. Hastings, Pres., in place of E. S. Kilborn; Seth Walker, Vice-Pres., in place of D. S. Hastings.
Rumford Falls — Rumford National Bank; R. C. Bradford, Vice-Pres., in place of C. M. Bisbee.

MARYLAND.

Baltimore—National Howard Bank; J. W. Oster, Asst. Cashier, in place of F. A. Dolfield.—Third National Bank; T. R. Thomas, Asst. Cashier.—Union Trust Co.; capital reduced to $500,000.
Berlin—First National Bank; C. S. Blades, Vice-Pres.; C. F. Matthews, Cashier, in place of T. Palmatary.
Chesapeake City—National Bank of Chesapeake City; H. T. Deaver, Cashier, in place of J. Banks; J. G. Steele, Asst. Cashier.
Sykesville—Sykesville Bank; capital increased to $50,000.

MASSACHUSETTS.

Boston—International Trust Co.; F. Ayer, Vice-Pres.—State Street Trust Co.; C. F. Allen, Sec'y.—United States Trust Co.; H. P. Tilden, Sec'y.
Lynn—National City Bank; A. W. Pinkham, Vice-Pres.
Medway—Medway Savings Bank; A. E. Bullard, Vice-Pres.
Nantucket—Nantucket Institution for Savings; A. T. Mowry, Pres., in place of D. Folger, resigned.
Newburyport—Institution for Savings; L. W. Piper, Treas., deceased.
Quincy—Quincy Savings Bank; Jno. Q. A. Field, Pres. pro tem, in place of E. W. Marsh, deceased.
Springfield—Springfield National Bank; P. S. Beebe, Asst. Cashier.
Wellesley—Wellesley National Bank; B. W. Guernsey, Cashier.
Woburn—Woburn National Bank; Edw. F. Johnson, Vice-Pres., in place of J. F. Ramsdell.

MICHIGAN.

Bad Axe—State Bank of F. W. Hubbard & Co.; J. Lee, Asst. Cashier, in place of W. Varty.

Battle Creek—Central National Bank; H. B. Sherman, Vice-Pres.

Benton Harbor—Benton Harbor State Bank; Wm. Fupp, Jr., resigned.

Coleman—State Bank; J. M. Allen, Vice-Pres.

Grand Rapids—City Trust and Savings Bank; Earle C. Johnson, Asst. Cashier.

Hart—First National Bank; F. J. Russell, Pres., in place of A. S. White; J. K. Flood, Vice-Pres., in place of F. J. Russell.

Kalamazoo—First National Bank; G. W. Ritchie, Pres., in place of J. A. Pitkin; H. H. Coddington, Cashier, in place of G. W. Ritchie; F. S. Parsons, Asst. Cashier, in place of H. H. Coddington.

Sparta—Sparta State Bank; capital increased to $18,000.

MINNESOTA.

Adams—First National Bank; S. Dean, Pres., in place of J. G. Schmidt; M. Krebsbach, Vice-Pres., in place of S. Dean; A. J. Krebsbach, Asst. Cashier, in place of W. T. Krebsbach.

Bagley—First National Bank; L. Jensen, Asst. Cashier, in place of H. Huseby.

Balaton—First National Bank; N. H. Olson, Cashier, in place of A. J. Rush.

Beardsley—First National Bank; J. C. Ekern, Asst. Cashier.

Benson—First National Bank; C. C. Thornton, Asst. Cashier.

Bemidji—Lumbermen's National Bank; A. P. White, Pres., in place of J. Rosholt; W. R. Baumbach, Vice-Pres., in place of J. S. Tucker.

Browerville—First National Bank; Robt. J. Holig, Asst. Cashier, in place of J. G. Mock.

Browns Valley—First National Bank; O. Gunderson, Pres., in place of A. W. Mitton; A. E. Robson, Asst. Cashier.

Caledonia—First National Bank; J. H. Dorival, Vice-Pres.; W. H. Myhre, Asst. Cashier.

Chaska—First National Bank; C. H. Klein, Pres., in place of J. G. Lund; E. J. Simons, Asst. Cashier, in place of O. N. Hoel.

Chatfield—First National Bank; J. Underleak, Vice-Pres., in place of H. S. Griswold, deceased.

Chisholm—First National Bank; F. W. Hurt, Asst. Cashier.

Cold Spring—First National Bank; F. V. Stein, Cashier, in place of Jno. Muggli.

Deer Creek—First National Bank; A. P. Johnson, Vice-Pres., in place of L. W. Babcock.

Dodge Center—Farmers' National Bank; S. E. Whitney, Vice-Pres., in place of A. A. Harmer; H. R. Whitney, Cashier, in place of W. M. Harmer; W. M. Harmer, Asst. Cashier, in place of H. R. Whitney.

Easton—Easton State Bank, incorporated; M. Quimby, Pres.; Carrie Quimby, Cashier.

Emmons—First National Bank; T. K. Troe, Asst. Cashier, in place of J. G. Astby.

Goodhue—First National Bank; E. J. Maybauer, Vice-Pres., in place of E F. Johnson.

Grand Rapids—First National Bank; F. P. Sheldon, Pres., in place of C. W. Hastings; P. J. Sheldon, Vice-Pres., in place of F. P. Sheldon.

Hallock—First National Bank; J. H. Bradish, Cashier, in place of C. Dure; J. A. Loken, Asst. Cashier, in place of J. H. Bradish.

Hawley—First National Bank; S. B. Widlund, Cashier, in place of G. A. Lee; F. R. Burrell, Asst. Cashier, in place of S. B. Widlund.

Jackson—Jackson National Bank; A. O. Nasby, Asst. Cashier.

Lake Benton—National Citizens' Bank; C. T. Mork, Vice-Pres., in place of W. F. Mann; W. F. Mann, Cashier.

Lakefield—First National Bank; J. C. Caldwell, Pres., in place of J. W. Daubney; A. Pederson, Vice-Pres., in place of J. H. Quinn; P. W. Blockert, Cashier, in place of R. W. Daubney.

Lake Park—First National Bank; W. L. Taylor, Pres., in place of P. M. Joice; C. E. Bjorge, Vice-Pres., in place of W. L. Taylor.

Madelia—First National Bank; C. S. Christensen, Sr., Pres., in place of F. H. Wellcome; Chas. Russell, Vice-Pres., in place of C. S. Christensen, Sr.

McIntosh—First National Bank; K. K. Hoffard, Vice-Pres., in place of C. M. Berg; C. M. Berg, Cashier, in place of S. H. Drew.

Minneapolis—Minnesota National Bank; F. L. Williams, Vice-Pres., in place of S. T. Johnson; J. D. Utendorfer, Cashier, in place of H. G. Merritt.

Plainview—First National Bank; M. D. Fuller, Cashier, in place of F. G. Shumway.

Red Lake Falls—First State Bank; G. F. Hennings, Asst. Cashier.

Renville—First National Bank; F. O. Gold, Pres., in place of H. N. Stabeck; H. N. Stabeck, Vice-Pres., in place of F. O. Gold.

Rollingstone—First State Bank; E. Hans, Vice-Pres.; A. Rinn, Jr., Asst. Cashier.

Royalton—First National Bank; G. W. Muncy, Vice-Pres., in place of J. F. Locke; no Asst. Cashier in place of H. O. Batzer.

Rush City—First National Bank; G. M. Ericson, Cashier in place of D. A. Kendall.

Rushmore—First National Bank; G. Innes, Pres., in place of Wm. Thom; W. C. Thom, Cashier, in place of G. Innes; D. F. Scott, Asst. Cashier, in place of W. C. Thom.

Sherburn—Sherburn National Bank; no Asst. Cashier in place of G. M. Seaberg.

Stewartville—First National Bank; C. E. Fawcett, Pres., in place of J. P. Myers; M. Klein, Asst. Cashier, in place of N. J. Warren.

Virginia—First National Bank; E. B. Hawkins, Pres., in place of O. D. Kinney; S. R. Kirby, Vice-Pres., in place of E. Z. Griggs.

Winnebago City—First National Bank; H. S. Quiggle, Cashier, in place of R. E. Sherin.

Winthrop—First National Bank; Wm. Klossner, Vice-Pres., in place of J. A. E. Johnson.

MISSISSIPPI.

Brookhaven—Bank of Brookhaven; capital increased to $100,000.

Como—Bank of Como; R. G. Wallace, Asst. Cashier.

Greenwood—Delta Bank; G. L. Ray, Asst. Cashier.

Indianola—Bank of Indianola; W. H. Crothers, Vice-Pres.

Jackson—Capital National Bank; R. W. Millsaps, Vice-Pres., in place of W. M. Anderson; no Cashier in place of W. M. Anderson.—Merchants' Bank; title changed to Merchant Bank and Trust Co.—Union Savings and Deposit Co.; J. B. Stirling, Pres.

McHenry—State Bank of McHenry; capital increased to $50,000.

Osyka—Bank of Osyka; capital increased to $50,000.

Vicksburg—Lincoln Savings Bank; C. C. Copelain, Vice-Pres.

Wiggins—People's Bank; capital increased to $25,000.

MISSOURI.

Bolivar—First National Bank; C. W. Viles, Cashier, in place of L. M. Payne; L. M. Payne, Asst. Cashier, in place of C. W. Viles.

Braymer—First National Bank; Fred Wightman, Cashier, in place of J. A. Rathbun.

Burlington Junction—First National Bank; Chas. D. Caldwell, Pres., in place of J. J. King; C. B. Zarn, Vice-Pres., in place of W. E. Wallace.

Campbell—First National Bank; M. L. Cone, Pres., in place of H. A. Gardner; W. E. Moore, Vice-Pres., in place of W. A. Gehrig.

Cowgill—First National Bank; no Cashier in place of J. H. Wild; Lena Myers, Asst. Cashier.

Green City—American National Bank; E. E. Jones, Pres.; F. A. Kidwell, Vice-Pres.; G. E. Davis, Asst. Cashier.

Hannibal — German-American Bank; capital increased to $20,000.

Jerico Springs—Bank of Jerico, incorporated.

Kirksville—Citizens' National Bank; H. M. Still, Pres., in place of J. E. Waddill.

Linn Creek—First National Bank; S. W. Ayres, Asst. Cashier.

Linneus — Farmers and Merchants' Bank; M. Cove, Pres.

Mountain Grove—First National Bank; C. E. Baker, Asst. Cashier, in place of F. A. Wiley.

Polo—First National Bank; O. A. Griffey, Asst. Cashier.

Rich Hill—Farmers and Manufacturers' Bank absorbed Rich Hill Bank.

Rockport—Farmers' Bank of Rockmart; C. O. Roberson, Second Vice-Pres.

St. Joseph—Burnes National Bank; Jno. J. Walsh, Asst. Cashier.

St. Louis—City National Bank; T. L. Rubinstein and J. W. Losse, Vice-Pres. in place of J. E. Allan and P. J. Farrington. — Mechanics-American National Bank; E. Catlin, Vice-Pres.; no Asst. Cashier in place of F. M. Gardner, Jr.—Washington National Bank; J. Wilson, Pres., in place of J. L. Hanley.

Webb City—National Bank of Webb City; C. H. Murray, Vice-Pres., in place of J. C. Stewart.

Wellston—First National Bank; S. W. Jurden, Pres., in place of J. W. Perry.

MONTANA.

Billings—Billings State Bank; A. N. Barth, Vice-Pres.

Boyeman—National Bank of Gallatin Valley; E. W. King, Vice-Pres., in place of J. A. Hall.

Chinook—First National Bank; E. S. Sweet, Pres., in place of S. Carver; J. L. Springle, Vice-Pres., in place of E. S. Sweet.

Wibaux—First National Bank; L. S. Patterson, Vice-Pres., in place of J. B. Lawlis; P. G. Fischer, Cashier, in place of J. L. Therme.

NEBRASKA.

Ashland—National Bank of Ashland; J. C. Railsback, Vice-Pres., in place of V. B. Caldwell.

Atkinson—Atkinson National Bank; J. E. Brook, Vice-Pres., in place of C. H. Walrath.

Burwell—First National Bank; no Cashier in place of J. M. Conrad, deceased.

Crofton—First National Bank; F. Nelson, Pres., in place of Hy. Lammers; H. J. Huennekens, Vice-Pres., in place of F. Nelson.

Haigler—Empire Loan and Trust Co.; Thos. Ashton, Pres.; Wm. H. Larned, Vice-Pres.; J. E. Gaunt, Asst. Cashier.

Hildreth—State Bank of Hildreth; A. R. Landi, Cashier, resigned.

Kearney—Central National Bank; no Vice-Pres. in place of T. B. Garrison, Sr.; C. W. Norton, Asst. Cashier, in place of T. B. Garrison, Sr.

Litchfield—First National Bank; W. S. Dobson, Vice-Pres., in place of H. L. Titus.

Mitchell—First National Bank; H. O. Eastman, Cashier, in place of H. S. Clarke, Jr.

Norfolk—Nebraska National Bank; W. P. Logan, Cashier, in place of H. J. Miller.

Omaha—First National Bank; Chas. T. Kountze, Pres., in place of J. A. Creighton.

Scribner—First National Bank; H. A. Dahl, Asst. Cashier.

Shelby—First National Bank; Geo. M. Smith, Pres., in place of A. P. Anderson, deceased.

South Omaha—Union Stock Yards National Bank; no Pres. in place of J. A. Creighton, deceased; E. F. Folda, Vice-Pres.; F. R. Hedrick, Cashier, in place of E. F. Folda; N. F. Reckard, Asst. Cashier.

Spencer—First National Bank; F. W. Woods, Vice-Pres. and Cashier.

Tobias—Tobias National Bank; F. P. Steele, Asst. Cashier, in place of Daisy Upton.

Trenton—First National Bank; F. W. Ruzicka, Vice-Pres., in place of A. H. Thomas; L. R. Coufal, Cashier, in place of Ethyl Hall.

Wisner—Citizens' National Bank; L. B. White, Asst. Cashier.

NEVADA.

Elko—First National Bank; F. S. Gedney, Vice-Pres., in place of E. S. Farrington.

Lovelock—First National Bank; C. Uniacke, Vice-Pres., in place of W. C. Pitt.

Reno—Farmers and Merchants' National Bank; W. J. Harris, Vice-Pres.

Rhyolite—Bull Frog Bank and Trust Co.; Geo. B. Keenan, Cashier.

NEW JERSEY.

Cape May Court House—First National Bank; Geo. Nichols, Cashier, in place of W. Cresse.

Pedricktown—First National Bank; Jno. Burk, Pres., in place of J. Sweeten; Wm. F. Hunt, Vice-Pres., in place of Jno. Burk.

Raritan—Raritan Savings Bank; Jno. V. Davis, Sec'y and Treas., deceased.

Riverside—Riverside National Bank; H. J. Dennis, Pres., in place of H. L. Gregg.

Roosevelt—First National Bank; R. Carson, Pres.; W. E. Volz, Vice-Pres., in place of Robt. Carson.

Washington — Washington National Bank, Thos. A. H. Hay, Vice-Pres., in place of P. E. Cole.

Williamstown—First National Bank; Jan van Herwerden, Vice-Pres. and Cashier.

NEW MEXICO.

Alamogordo—Citizens' National Bank; B. Palmer, Cashier, in place of H. P. Seamons.

Artesia—First National Bank; H. W. Hamilton, Vice-Pres., in place of C. S. Hoffman.

Hagerman—Hagerman National Bank; J. B. McConnel, Vice-Pres., in place of L. W. Holt.

Melrose—First National Bank; S. A. Jones, Cashier, in place of M. E. Whipple; M. E. Whipple, Asst. Cashier.

Roswell—American National Bank; W. T. Wells, Vice-Pres., in place of J. W. Warren.—Citizens' National Bank; J. O. Cameron, Vice-Pres.

Silver City—American National Bank; F. P. Jones, Vice-Pres., in place of J. B. Herndon.

Texico—Texico National Bank; W. A. Davis, Vice-Pres., in place of S. F. Wooding; no Asst. Cashier in place of W. E. Bell.—First National Bank; C. H. Leftwich, Vice-Pres.; W. C. Marshall, Asst. Cashier.

NEW YORK.

Binghamton — Binghamton Savings Bank; Wm. H. Wilkinson, Pres., deceased.—People's Bank; J. M. Kilmer, Pres., in place of W. H. Wilkinson, deceased.

Caledonia—First National Bank; C. Palmer, Asst. Cashier, in place of Jennie Stewart.

Canajoharie—National Spraker Bank; J. A. Spraker, Vice-Pres., in place of H. A. Dievendorf.

Cooperstown — Cooperstown National Bank; Robt. M. Bush, Cashier, in place of J. R. Kirby.

Massena—First National Bank; W. F. Willson, Vice-Pres.

Monroe—Monroe National Bank; A. J. Crane, Pres., in place of L. Terwilliger; J. H. Carpenter, Vice-Pres., in place of A. J. Crane.

Newark—Arcadia National Bank; C. E. Leggett, Vice-Pres., in place of W. H. Hyde.

New York—Astor National Bank; succeeded by Astor Trust Co.—Hamilton Bank; E. R. Thomas, Pres.; W. R.

Montgomery, Vice-Pres.—Irving National Exchange Bank; Chas. L. Farrell and R. P. Grant, Vice-Prés.; B. F. Werner, Cashier, in place of R. P. Grant.—Mercantile Trust Co.; Jno. D. Ostrander, Asst. Sec'y, deceased.—New York National Exchange Bank; title changed to Irving National Exchange Bank.—Thirty-Fourth Street National Bank; J. Adams Brown, Vice-Pres.

Ossining—Ossining National Bank; P. H. Dowden, Asst. Cashier.

Owego—First National Bank; W. S. Truman, Pres., in place of Geo. Truman; F. S. Truman, Cashier, in place of W. S. Truman; C. G. Woodford, Asst. Cashier, in place of F. S. Truman.

Sandy Hill—Commercial National Bank; Jno. B. Davis, Cashier, in place of E. Pawel.

Seneca Falls—Exchange National Bank; L. S. Hoskins, Second Vice-Pres.

Sidney—People's National Bank; B. C. Broadfoot, Cashier, in place of V. B. Pruyn; G. H. Hale, Asst. Cashier.

Tottenville—Tottenville National Bank; A. B. Potterton, Vice-Pres.; Ira Horton, Cashier, in place of A. H. Watson; A. F. Barnes, Asst. Cashier.

Troy—Manufacturers' National Bank; F. E. Howe, Pres., in place of G. P. Ide; W. C. Feathers, Cashier, in place of F. E. Howe.—National City Bank; W. H. Van Schoonhoven, Pres., in place of Wm. Kemp; Thos. Vail, Vice-Pres., in place of W. H. Van Schoonhoven; E. W. Greenman, Cashier, in place of R. C. Bull.

NORTH CAROLINA.

Dunn—First National Bank; J. H. Ballance, Vice-Pres., in place of R. G. Taylor.

Durham—Merchants' Bank; J. A. Warren, Asst. Cashier.

Greenville—National Bank of Greenville; F. G. James, Pres., in place of L. I. Moore.

Henderson—First National Bank; Henry Perry, Vice-Pres., in place of Robt. Lassiter; no Vice-Pres. in place of W. P. Venable.

Lexington—National Bank; D. F. Conrad, Vice-Pres.

Lillington—National Bank of Lillington; W. A. Pope, Cashier, in place of A. C. Holloway.

Louisburg—First National Bank; P. R. White, Cashier.

Lumberton—First National Bank; A. R. McEachern, Vice-Pres., in place of T. D. Northrop; R. McA. Nixon, Asst. Cashier.

Winston-Salem — People's National Bank; capital increased to $300,000.

NORTH DAKOTA.

Abercrombie—First National Bank; M. Beaudin, Vice-Pres.

Adams—First National Bank; L. L. Larson, Asst. Cashier, in place of W. E. Parsons.

Antler—First National Bank; J. F. Cook, Cashier, in place of R. D. West.

Bowbells—First National Bank; A. C. Wiper, Pres., in place of H. Dykeman; B. M. Wehlwend, Cashier, in place of A. C. Wiper.

Dickinson—Dakota National Bank; T. J. Greene, Vice-Pres., in place of W. G. Whinn.

Edmore—First National Bank; Jno. A. Honey, Vice-Pres.; C. C. Honey, Cashier, in place of Jno. A. Honey; Roy A. Nelson, Asst. Cashier, in place of C. C. Honey.

Fargo—Merchants' National Bank; H. W. Gearey, Vice-Pres.; S. S. Lyon, Cashier, in place of H. W. Gearey.

Forest River—Forest River State Bank; Pres., Geo. H. Hollister; Vice-Pres. and Cashier, M. R. Porter; Asst. Cashier, S. Davis.

Goodrich—First National Bank; Frank Schroeder, Asst. Cashier.

Karmer—First State Bank; H. W. Peterson, Cashier.

Kenmare—Kenmare National Bank; P. M. Cole, Vice-Pres., in place of H. Dykeman; H. P. Thronson, Cashier, in place of P. M. Cole.

Kensal—First National Bank; O. M. Young, Asst. Cashier, in place of C. W. Morton.

LaMoure—First National Bank; D. Lloyd, Pres., in place of B. N. Stone; P. Adams, Cashier, in place of D. Lloyd; Ana G. Cruden, Asst. Cashier.

Maddock—First National Bank; E. L. Yager, Pres., in place of A. M. Shermo; J. E. Truesdell, Vice-Pres., in place of E. L. Yager.

Mayville—Goose River Bank; K. S. Groth, Cashier; C. W. Tausan, Asst. Cashier.

Michigan—Michigan City Bank; capital increased to $25,000.

Minot—Union National Bank; E. S. Person, Cashier, in place of Emery Olmstead.

Northwood — Northwood Trust and Safety Bank; K. G. Springer, Pres.; F. W. Ames, Vice-Pres.

OHIO.

Athens—First National Bank: Jno. V. Wood, Second Asst. Cashier.

Canton—Farmers' Bank of Canton; Horace G. McDowell, Pres., deceased.

Centerburg—First National Bank; V. E. Brokaw, Cashier, in place of J. K. Halden; no Asst. Cashier in place of V. E. Brokaw.

Cincinnati—American National Bank; J. M. Fisher, Asst. Cashier.

Cleveland—American Savings Bank Co.; L. B. Shields, Vice-Pres.—Bank of Commerce National Association; G. Q. Hall, Asst. Cashier.

Columbus—City National Bank; D. Westwater, Vice-Pres.

Euclid—Euclid Banking Co.; J. W. Bentley, Pres.; J. F. Cavenaugh, Vice-Pres.

Grove City—First National Bank; R. E. Shoar, Vice-Pres., in place of H. A. Taylor.

Kalida—J. Bent, Pres., in place of J. F. Kimmerle; B. J. Von Lehmden, Vice-Pres., in place of J. Best.

Lodi—Exchange National Bank; L. A. Minns, Asst. Cashier.

Monroe—Monroe National Bank; W. H. Compton, Pres., in place of W. M. Stewart, Acting Pres.; W. M. Stewart, Second Vice-Pres.

Mount Vernon—New Knox National Bank; Wm. A. Ackerman, Cashier; J. H. McFarland, Asst. Cashier.

New Bremen—First National Bank; J. H. Grothaus, Vice-Pres., in place of O. J. Boesel.

New Concord—First National Bank; L. J. Graham, Pres., in place of Wm. Yakey; R. C. Shepherd, Vice-Pres., in place of Jos. Shaw; E. A. Montgomery, Cashier, in place of Roy Speer.

New Richmond—New Richmond National Bank; Geo. W. Burnet, Pres., in place of L. M. Dawson; L. M. Dawson, Cashier, in place of G. C. Bradford.

Port Clinton—First National Bank; J. J. Sullivan, Vice-Pres., in place of H. B. Bredbeck.

Summerfield—First National Bank; J. R. McClintock, Vice-Pres., in place of E. P. Sullivan, deceased.

Utica—First National Bank; E. L. Mantonya, Asst. Cashier.

Warren—Western Reserve National Bank; J. H. Nelson and E. F. Briscoe, Asst. Cashiers.

Watertown—First National Bank: F. Ford, Pres., in place of J. A. Arnold; J. Fisher, Vice-Pres., in place of F. Ford.

OKLAHOMA.

Anadarko—Citizens' National Bank; J. E. Cox, Vice-Pres., in place of J. F. Brown; W. P. Hudson, Cashier, in place of I. E. Cox.—First National Bank; no Vice-Pres. in place of T. F. Yarnall; A. B. Popejoy, Second Asst. Cashier.

Blackwell—Blackwell National Bank; W. C. Robinson, Pres., in place of J. M. Skelton.

Chandler—First National Bank; E. C. Love, Cashier, in place of J. A. McLaughlin; E. A. Tlusche, Asst. Cashier, in place of E. C. Love.

Clinton—First National Bank; E. N. Titsworth, Vice-Pres., in place of H. B. Johnson.

Deer Creek—Bank of Deer Creek; capital increased to $10,000.

Eldorado—First National Bank; W. H. Peaden, First Vice-Pres., in place of J. C. Haney; R. M. Thorpe, Second Vice-Pres.; W. P. Thurmond, Cashier, in place of Herbert Farrel.

Foss—First National Bank; A. L. Thurmond, Vice-Pres., in place of E. K. Thurmond; L. E. Coleman, Asst. Cashier, in place of J. P. Jones.

Frederick—City National Bank; A. Lair, Vice-Pres.

Hastings—First National Bank; E. B. Johnson, Pres., in place of W. P. Carden; A. C. Savage, Vice-Pres., in place of E. B. Johnson.

Maud—First National Bank; Jno. L. Oger, Asst. Cashier, in place of A. L. Rippey; W. W. Price, Asst. Cashier.

McLoud—First National Bank; O. E. Grecian, Pres., in place of Thos. Hollis; F. A. Thackery, Vice-Pres., in place of O. E. Grecian; W. H. Hollis, Cashier, in place of L. B. Heliker.

Mutual—Farmers' Bank; C. W. Stickle, Cashier.

Pawhuska—Citizens' National Bank; R. E. Trammell, Cashier, in place of D. H. Spruill.

Pond Creek—National Bank of Pond Creek; F. L. Patten, Pres., in place of J. H. Decker.

Seiling—Farmers and Merchants' Bank; J. H. Fonda, Vice-Pres.

Shattuck—Commercial Bank; capital increased to $25,000.

Spencer—Bank of Spencer; J W. Austin, Jr., Pres.

Taloga—First National Bank; F. G. Delaney, Cashier, in place of E. D. Foster; S. J. Trout, Asst. Cashier.

Tecumseh—Exchange Bank; W. S. Snyder, Pres.—Farmers' National Bank; A. B. Lewis, Asst. Cashier.

Thomas—First National Bank; E. D. Foster, Asst. Cashier, in place of F. C. Jenkins.

Weatherford—First National Bank; Jno. A. Simpson, Vice-Pres., in place of T. J. Harkness.—German National Bank; C. A. Galloway, Vice-Pres., in place of W. P. Fowler; C. L. Nikkel, Cashier, in place of C. A. Galloway.

OREGON.

Condon—Condon National Bank; C. W. Lord, Asst. Cashier.

Dallas—Dallas National Bank; I. N. Woods, Vice-Pres., in place of N. L. Butler.

Elgin—First National Bank; J. T. Galloway, Vice-Pres., in place of Chas. Hallgarth.

Forest Grove—First National Bank; G. S. Ogden, Cashier, in place of O. B. Loomis.

Klamath Falls—American Bank and Trust Co.; E. W. Bubb, Cashier, in place of J. W. Siemens, resigned.

Medford—Medford National Bank; J. E. Enyart, Pres., in place of H. E. Ankeny, deceased; J. A. Perry, Vice-Pres., in place of J. E. Enyart.

Portland—Merchants' National Bank; S. C. Catching, Second Asst. Cashier.

Seaside—Bank of Seaside; E. J. Brent, Vice-Pres.

PENNSYLVANIA.

Addison—First National Bank; H. L. Dean, Pres., in place of W. M. Watson; A. A. Jacobs, Vice-Pres., in place of H. L. Dean.

Barnesboro—First National Bank; Geo. F. Wildeman, Cashier, in place of J. C. Patterson; J. W. Hile, Asst. Cashier, in place of Geo. F. Wildeman.

Benson—First National Bank; F. Border, Pres., in place of A. E. Cassler; A. E. Cassler, Cashier, in place of Jno. Cooney.

Bolivar—Bolivar National Bank; W. B. Hammond, Pres., in place of E. R. Hammond.

Catasauqua—Lehigh National Bank; R. M. Wint, Second Vice-Pres.

Cherry Tree—First National Bank; E. W. Smith, Vice-Pres., in place of V. Tonkin.

Chester—Pennsylvania National Bank; J. J. Buckley, Vice-Pres., in place of E. C. Burton.

Clairton—Clairton National Bank; Jas. B. Wilson, Asst. Cashier.

Clearfield—Farmers and Traders' National Bank; E. O. Hartshorne, Cashier, in place of G. B. Rickenbaugh.

Collegeville—Collegeville National Bank; M. B. Linderman, Vice-Pres.

Confluence—First National Bank; R. E. Black, Asst. Cashier.

Dallas—First National Bank; R. D. Isaacs, Vice-Pres., in place of P. T. Raub.

Emaus—Emaus National Bank; Hy. W. Jarrett, Vice-Pres., in place of C. D. Brown.

Fairchance—First National Bank; A. B. Hutchinson, Pres., in place of W. E. Moore; M. A. McCormick, Vice-Pres., in place of J. W. Byers.

Homestead—Homestead Savings Bank and Trust Co.; Geo. M. Kall, Pres., deceased.

Johnstown—Citizens' National Bank; Chas. Griffith, Pres., in place of C. F. Kress; T. E. Murphy, Vice-Pres., in place of C. Griffith.

Mars—Mars National Bank; Wm. Fowler, Vice-Pres., in place of J. E. Hosack.

Mifflintown—Juniata Valley Bank; Wm. C. Pomeroy, Vice-Pres., deceased.

New Freedom—First National Bank; E. Krout, Asst. Cashier.

Northumberland—Northumberland National Bank; C. M. Howell, Vice-Pres.

Philadelphia—Safety Banking and Trust Co.; J. F. Harris, Jr., Asst. Cashier. —Central National Bank; A. H. Jones, Second Asst. Cashier.—Western National Bank; Geo. E. Shaw, Pres., pro tem, in place of C. M. Weygandt, deceased.

Richland—Richland National Bank; G M. Focht, Vice-Pres.

Scenery Hill—First National Bank; C. Swagler, Vice-Pres., in place of F. I. Patterson; S. W. Rogers, Asst. Cashier.

Smithton—First National Bank; R. H. Rhoades, Asst. Cashier.

South Fork—First National Bank; W. I. Stineman, Vice-Pres., in place of W. Plummer; no Asst. Cashier in place of B. W. Harding.

Spangler—First National Bank; no Asst. Cashier in place of J. W. Hile.

Sykesville — First National Bank; O. L. Howard, Cashier, in place of F. S. Maize.

Trafford City—First National Bank; W. A. Miller, Vice-Pres., in place of H. L. Greer.

Wampum—First National Bank; C. C. Johnston, Cashier, in place of W. H. Grove; H. E. Marshall, Asst. Cashier.

West Middlesex—First National Bank; J. E. Davidson, Pres., in place of T. A. Walker.

Youngsville—First National Bank; W. McGrew, Vice-Pres.; C. Mead, Asst. Cashier.

RHODE ISLAND.

Providence—Union Trust Co.; A. G. Loomis, Vice-Pres.

SOUTH CAROLINA.

Bennettsville—Planters' National Bank; B. E. Moore, Vice-Pres., in place of A. S. Manning; G. W. Freeman, Cashier, in place of W. C. Adams; J. W. Thomas, Asst. Cashier, in place of H. R. Fletcher.

Blacksburg—Bank of Blacksburg; D. A. Morrow, Asst. Cashier, resigned.

Bowman—Bank of Bowman; C. Myers, Asst. Cashier.

Charleston—Charleston Clearing House; W. E. McDowell, Pres.; W. G. Harvey, Vice-Pres., in place of W. H. Worley.—Dime Savings Bank; capital increased to $60,000.

Norway—Bank of Norway; R. J. McCorrigan, Cashier, in place of D. H. Wolff.

Spartanburg—American National Bank; H. A. Ligon, Pres., in place of J. H. Sloan; S. T. McCravy, Vice-Pres., in place of H. A. Ligon; C. E. Epton, Cashier, in place of Jos. Norwood.

SOUTH DAKOTA.

Arlington—First National Bank; A. Royhl, Vice-Pres., in place of Chas. Whitney.

Belle Fourche—First National Bank; Thos. H. Gay, Pres., in place of T. J. Steele; Wm. Fried, Vice-Pres., in place of T. H. Gay.

Bridgewater—First National Bank; C. B. Punteney, Vice-Pres., in place of E. L. Abel; E. M. Ulipf, Asst. Cashier.

Chamberlain—Brule National Bank; H. R. Dennis, Pres.

Colman—First National Bank; R. J. Dunlap, Vice-Pres., in place of H. Robertson.

Groton—Brown Co. Banking Co.; Arnold Ringger, Vice-Pres.

Howard—First National Bank; K. O. Strand, Cashier, in place of D. A. McCullough.

Hudson—First National Bank; S. F. Hoffmann, Asst. Cashier, in place of F. A. Edgar.

Milbank—Farmers' Bank; J. C. Elliott, Vice-Pres.; C. E. Mills, Cashier.

Redfield — German-American National Bank; C. C. Harmon, Asst. Cashier.

White Rock—First National Bank; C. P. Johnson, Cashier, in place of H. O. Powell; no Asst. Cashier in place of C. P. Johnson.

TENNESSEE.

Bells—Bank of Crockett; Geo. N. Conatzar, Cashier; R. W. Fleming, Jr., Asst. Cashier.

Chattanooga—American National Bank; no Vice-Pres., in place of J. C. Guild.

Fayetteville—Elk National Bank; Jno. H. Rees, Pres., in place of H. C. Harris; H. E. Dryden, Asst. Cashier.

Memphis—First National Bank; J. A. Omberg, Pres., in place of C. W. Schulte, deceased.

Palmersville—Bank of Palmersville; Chester Rawls, Cashier in place of W. T. Killebrew, resigned.

Tracy City—First National Bank; M. Marugg, Pres., in place of F. B. Martin.

TEXAS.

Alvord—Farmers and Merchants' National Bank; J. B. Thomas, Second Vice-Pres., in place of W. J. Leach; S. M. Ward, Asst. Cashier.

Atlanta—Atlanta National Bank; R. J. Daniel, Vice-Pres.; C. H. Miles, Asst. Cashier.

Aubrey—First National Bank; F. F. Hill, Vice-Pres.

Bartlett—Bartlett National Bank; W. T. Cox, Vice-Pres., in place of A. P. Clark, Sr.

Bay City—Bay City National Bank; J. E. Fowler, Cashier, in place of J. P. Keller.

Beaumont—Gulf National Bank; P. B. Doty, Cashier, in place of J. L. Cunningham; T. L. Coplin, First Asst. Cashier, in place of P. B. Doty.

Benjamin—First National Bank; C. H. Burnett, Asst. Cashier.

Big Springs—West Texas National Bank; G. L. Brown, Pres., in place of W. P. Edwards; W. P. Edwards, Vice-Pres., in place of S. W. Moore.

Breckenridge—First National Bank; Claud McCauley, Vice-Pres., in place of J. W. Ward; J. W. Ward, Cashier, in place of Claud McCauley.

Childress—City National Bank; J. H. Cristler, Pres., in place of R. L. Ellison; S. P. Britt, Vice-Pres., in place of J. H. Cristler.

Comanche—First National Bank; A. T. Snoddy, Cashier, in place of Ned Holman; L. Hamilton, Asst. Cashier, in place of O. L. Hamilton.

Daingerfield—Citizens' National Bank; M. W. McDonald, First Vice-Pres., in place of T. H. Leeves; O. C. Panns, Second Vice-Pres., in place of W. J. McInnes.

Dalhart—First National Bank; W. T. Wheatley, Cashier.

Dallas—Gaston National Bank; R. C. Ayres, Vice-Pres.; J. H. Ardrey, Cashier, in place of R. C. Ayres; Geo. H. Bird, Asst. Cashier, in place of J. H. Ardrey.

De Leon—Farmers and Merchants' National Bank; Wm. M. Manchester, Second Vice-Pres., in place of C. R. Carruth; W. E. Lowe, Cashier, in place of W. S. Whaley.

Del Rio—Del Rio National Bank; F. E. Gillett, Cashier, in place of L. J. Dodson; W. R. Wheeler, Asst. Cashier, in place of F. E. Gillett.

Devine—Adams National Bank; C. M. Thompson, Pres.; T. C. Frost, Vice-Pres., in place of C. M. Thompson; Geo. T. Briscoe, Vice-Pres.

Dickens—First National Bank; H. P. Cole, Pres., in place of R .D. Shields. Cole, Pres., in place of R. D. Shields.

Dodd City—First National Bank; W. C. McGee, Cashier, in place of A. W. Wilson; no Asst. Cashier in place of W. C. McGee.

El Paso—City National Bank; H. M. Andreas, Asst. Cashier.

Ennis—Citizens' National Bank; T. N. Templeton, Vice-Pres.; J. W. Weatherford, Asst. Cashier.

Fairfield—W. E. Richards; J. M. Tullis, Asst. Cashier.

Floydada—First National Bank; W. W. Nelson, Cashier, in place of J. B. Posey.

Fort Worth—Western National Bank; J. M. Shelton, Vice-Pres.

Franklin—First National Bank; R. M. Duffey, Vice-Pres., in place of T. T. Easter; D. J. Mank, Asst. Cashier, in place of R. M. Duffey.

Garland—National Bank of Garland; W. D. McCallum, Asst. Cashier.

Goree—First National Bank; W. W. Coffman, First Vice-Pres., in place of W. J. Blount; N. W. Newsom, Second Vice-Pres.

Gorman—First National Bank; Ruth Waldrop, Second Asst. Cashier.

Granbury—City National Bank; S. C. Colvin, Vice-Pres., in place of W. B. Daniel.

Grandview—First National Bank; Dan E. Lydick, Second Vice-Pres.; no Cashier in place of Dan E. Lydick; Jake Nelson, Asst. Cashier.

Greenville—Commercial National Bank; E. W. Harrison, Vice-Pres., in place of T. F. Shelton.

Henderson—First National Bank; J. E. Hightower, Vice-Pres.; E. F. Crim, Asst. Cashier, in place of F. D. Obethier.

Hereford—Western National Bank; F. B. Fuller, Cashier, in place of R. W. Davis.

Holland—First National Bank; J. P. Murrah, Pres., in place of L. B. Mewhinney; L. B. Mewhinney, Cashier, in place of R. H. Underwood.

Houston—Commercial National Bank; P. J. Evershade, Asst. Cashier, in place of W. E. Hertford.—National City Bank; L. Davidson, Vice-Pres., in place of J. N. Miller.—Texas Savings Bank; M. E. Foster, Second Vice-Pres.; E. R. Johnson, Cashier.

Knox City—First National Bank; G. R. Couch, Pres., in place of R. W. Warren; F. A. Doss, Vice-Pres., in place of W. M. Sandijer; C. A. Benedict, Asst. Cashier, in place of W. B. Lee.

Lewisville—First National Bank; T. L. Fogg, Asst. Cashier, in place of Jas. Hayes, Jr.

Llano—Home National Bank; A. V. Stucken, Vice-Pres., in place of Gus Mueller; E. Parkhill, Asst. Cashier.

Lubbock—Citizens' National Bank; A. G. Hunt, Cashier, in place of W. L. Baird.

Manor—Farmers' National Bank; A. K. Anderson, Pres., in place of Jno. E. Hill; Jno. E. Hill, Vice-Pres., in place of A. K. Anderson; N. K. Freeman, Asst. Cashier.

Mart—Farmers and Merchants' National Bank; F. M. Wilson, Vice-Pres., in place of P. W. Wheelis.

Midland—Midland National Bank; S. W. Estes, Vice-Pres.; T. F. Smalling, Asst. Cashier.

Mineola—First National Bank; Carrie B. Cate, Vice-Pres.

Morgan—First National Bank; R. G. Cate, Vice-Pres.

Mount Vernon—First National Bank; Jno. Majors and Morris Fleming, Asst. Cashiers.

Munday—Citizens' National Bank; R. S. Ragsdale, Asst. Cashier, in place of J. T. Yeargin.

Naples—Morris County National Bank; J. O. Butler, Asst. Cashier.

New Ulm—New Ulm State Bank; W. A. Matthaei, Vice-Pres.

Odessa—Citizens' National Bank; Geo. B. Black, Asst. Cashier.

Osceola—First State Bank; R. P. Edrington, Pres.; H. H. Simmons, Vice-Pres.

Palacios—Palacios State Bank; J. A. Williams, Asst. Cashier.

Palestine—First National Bank; L. Gooch, Pres., in place of A. R. Howard; W. M. Ash, Cashier, in place of L. Gooch; no Asst. Cashier in place of E. S. Kane.—Palestine National Bank; J. E. Angly, Cashier, in place of V. F. Dubose.

Paris—First National Bank; H. D. McDonald, Vice-Pres.; Jno. S. Baker, Cashier, in place of J. F. McReynolds; Jno. A. Monroe, Asst. Cashier, in place of W. R. Wood.

Rising Star—First National Bank; D. M. Jacobs, Pres., in place of Wm. Bohning; Wm. Bohning, Vice-Pres., in place of D. M. Jacobs.

Rockwall—Farmers' National Bank; H. H. Walker, Pres., in place of M. L. Halford; J. R. Lofland, Vice-Pres., in place of J. R. Dumas.

Rosebud—First National Bank; J. E. Jenson, Cashier.

Sabinal—Sabinal National Bank; R. R. Kennedy, Pres., in place of L. M. Peters; R. J. Davenport, Cashier, in place of M. Swift.

San Angelo—Western National Bank; J. W. Johnson, Pres., in place of F. Tankersley; L. L. Farr, Vice-Pres., in place of J. W. Johnson.

San Antonio—Alamo National Bank; J. N. Brown, Pres., in place of C. Hugo; E. Steves, Vice-Pres., in place of E. Chamberlain; Otto Meerscheidt, Cashier, in place of J. N. Brown.—City National Bank; A. H. Piper, Cashier, in place of A. De Zavala.

Santo—First National Bank; Jno. D. Dyer, Cashier, in place of E. M. Stone; no Asst. Cashier in place of Jno. D. Dyer.

Savoy—First National Bank; E. T. Cook, Pres., in place of N. D. Hampton; W. P. Carter, Vice-Pres., in place of S. D. Simpson; J. B. King, Cashier, in place of E. T. Cook.

Sequin—First National Bank; H. R. Gohmert, Cashier, in place of R. W. Enck; Chas. C. Dibrell, Asst. Cashier.

Seymour—Farmers' National Bank; W. T. Britton, Cashier, in place of R. E. Fowlkes; S. I. Edwards, Asst. Cashier, in place of W. T. Britton.

Smithville—First National Bank; A. T. Wilkes, Asst. Cashier, in place of E. C. Williams.

Stephenville—Cage & Crow; B. Cage, Second Vice-Pres.; Jno. Cage, Asst. Cashier.—Farmers' National Bank; Jno. M. Frey, Cashier, in place of W. A. Hyatt.

Stratford—First National Bank; F. Watson, Pres., in place of T. M. McCrory; F. W. Burger, Cashier, in place of T. J. Page.

Teague—First National Bank; no Vice-Pres. in place of M. Sweeney.

Terrell—First State Bank; E. H. Archer, Asst. Cashier, resigned.

Texarkana—City National Bank; J. L. Penix, Cashier, in place of R. R. R. Cook; E. L. King, Asst. Cashier, in place of J. L. Penix.—Texarkana National Bank; J. A. Pondrom, Vice-Pres.

Throckmorton—First National Bank; W. R. King, Cashier, in place of B. T. Reynolds.

Tioga—First National Bank; J. H. Hulme, Asst. Cashier.

Tyler—Farmers and Merchants' National Bank; T. B. Ramey, Vice-Pres., in place of Louis Lipsitz.

Venus—Farmers and Merchants' National Bank; C. L. Barker, Vice-Pres., in place of C. D. Donoho; D. W. Burleson, Cashier in place of C. L. Barker.—First National Bank; W. A. Martin, Vice-Pres., in place of D. F. Griggs.

Walnut Springs—First National Bank; J. P. Head, Vice-Pres., in place of C. E. Durham; R. N. Carlton, Vice-Pres.; O. B. Chambers, Asst. Cashier.

Whitesboro—First National Bank; J. M. Buchanan, Vice-Pres.

UTAH.

Lehigh City—Lehigh Commercial and Savings Bank; succeeded by Utah Banking Co.

Salt Lake City—Utah National Bank; W. E. Adams and Thos. R. Cutler, Vice-Pres., in place of C. W. Nibley and W. H. Smart.

VERMONT.

Barre—People's National Bank; F. A. Hanson, Asst. Cashier.

Burlington—Burlington Trust Co.; Pres., B. B. Smalley; Vice-Pres., H. L. Ward; Treas., F. W. Elliott.

Montpelier—First National Bank; F. M. Corry, Pres., in place of F. E. Smith, deceased; F. A. Dwinell, Vice-Pres., in place of F. M. Corry.

VIRGINIA.

Amelia—Farmers and Merchants' Bank; M. Jefferson, Cashier, in place of J. T. Davenport.

Chincoteaque Island—Banking Co. of J. L. Dirickson, Jr.; D. Jeffries, Cashier.

East Radford—Farmers and Merchants' Bank; H. B. Howe, Vice-Pres.

Hallwood—Hallwood National Bank; Frank Fletcher, Second Vice-Pres., in place of J. A. Hall, deceased.

Lexington—People's National Bank; E. A. Moore, Pres., in place of J. W. McClung; J. W. McClung, Asst. Cashier.

Marion—Marion National Bank; W. L. Lincoln, Pres., in place of G. W. Richardson; B. H. Baylor, Vice-Pres., in place of W. F. Culbert; J. G. Fry, Cashier, in place of O. L. Williams.

Norfolk—Bank of Norfolk; F. T. Clark, Pres., in place of M. L. Eure.—Merchants and Mechanics' Savings Bank; W. C. Cobb, Vice-Pres., in place of D. F. Donovan, deceased—Traders and Truckers' Bank; J. G. Riddick and G. N. Whitehurst.

Waynesboro—First National Bank; R. G. Vance, Vice-Pres., in place of W. G. Ellison; R. G. Vance, Cashier.

WASHINGTON.

Blaine—Bank of Blaine; title changed to State Bank of Blaine.

Dayton—Dayton National Bank; J. A. Hubbard, Pres., in place of W. A. Maxwell; F. A. Master, Cashier in place of D. W. Davis.

Friday Harbor—San Juan Co. Bank; G. C. Gould, Pres.; C. M. Tucker, Vice-Pres.; V. E. Sargent, Cashier.

Seattle—Northern Securities and Trust Co.; title changed to Northern Bank and Trust Co.

Spokane—Spokane Clearing House Association; D. W. Twohy, Pres.; R. D. Miller, Vice-Pres.; W. D. Vincent, Sec'y and Mngr.—Spokane Co. Savings Bank; O. A. Johnson, Vice-Pres.

Sunnyside—First National Bank; E. E. Ferson, Vice-Pres.—Sunnyside Bank; capital increased to $50,000.

Wonatchee—Columbia Valley Bank; capital increased to $100,000.

WEST VIRGINIA.

Beckley—First National Bank; L. H. Davis, Asst. Cashier.

Bluefield—American National Bank; E. A. Williams, Vice-Pres., in place of C. R. Nutt; J. L. Harne, Cashier, in place of E. A. Williams.

Charlestown—National Citizens' Bank; B. D. Gibson, Pres., in place of L. D. Getzendanner; Gerald D. Moore, Cashier, in place of J. F. Turner.

Fayetteville—Fayette County National Bank; Jno. M. Miller, Cashier, in place of J. S. Hill.

Harrisville—First National Bank; A. O. Wilson, Pres., in place of A. Smith; J. B. Westfall, Cashier, in place of A. J. Wilson; E. H. Brake, Asst. Cashier.

Hendricks—First National Bank; T. W. Raine, Pres., in place of B. W. Jennings.

Madison—Madison National Bank; J. M. Hopkins, Vice-Pres., in place of E. D. Stollings; S. E. Bradley, Asst. Cashier.

Monongah—First National Bank; C. Currey, Pres., in place of H. W. Showalter; Frank Neely, Vice-Pres., in place of C. Currey.

Richwood—First National Bank; R. N. Wallace, Asst. Cashier.

WISCONSIN.

Argyle—Bank of Argyle; F. A. Waddington, Vice-Pres.; L. Waddington, Cashier; O. Paulson, Asst. Cashier.

Dallas—Bank of Dallas; D. A. Russell, Vice-Pres.

Dodgeville—First National Bank; Edw. L. Reese, Vice-Pres.

Grantsburg—First National Bank; M. Griswold, Vice-Pres., in place of Ole Erickson.

Iron River—Iron River Bank; M. Hessey, Vice-Pres.; G. L. Pettingill, Cashier.

LaCrosse—Batavian National Bank; A. Hirshheimer, Vice-Pres., in place of S. Y. Hyde.

Ladysmith—Ladysmith National Bank; J. W. Fritz, Vice-Pres., in place of J. L. Jorgenson.

Lancaster—First National Bank; C. H. Basford, Asst. Cashier.

Marinette—Farmers and Merchants' Bank; Louis A. McAlpine, Cashier, in place of O. P. Osthelder.

Menasha—Bank of Menasha; W. P. Hewett, Pres., deceased.

Oshkosh—Old National Bank; L. Schriber, Cashier, in place of C. Schriber.

Rib Lake—First National Bank; C. Getchel, Asst. Cashier.

Rio—Rio State Bank; C. D. Gates, Pres.; H. R. Tongen, Asst. Cashier.

Sheboygan—Citizens' State Bank; C. B. Freyberg, Vice-Pres.

Viola—State Bank; E. B. Bender, Vice-Pres.

Weyauwega—First National Bank; E. Kosanke, Vice-Pres.

Withee—State Bank; C. M. Hall, Vice-Pres.

WYOMING.

Cody—First National Bank; H. P. Arnold, Pres., in place of Jno. Winterling; Geo. T. Beck, Vice-Pres., in place of H. P. Arnold.

Douglas—Douglas National Bank; R. L. Swan, Asst. Cashier.

Newcastle—First National Bank; I. C. Newlin, Asst. Cashier.

Shoshoni—First National Bank; Wm. Madden, Vice-Pres., in place of J. K. Moore; M. R. McFarland, Asst. Cashier, in place of W. F. Parker.—Wind River National Bank; H. J. Shaad, Cashier, in place of H. G. Hay, Jr.; H. G. Hay, Jr., Asst. Cashier.

Worland—First National Bank; I. E. Jones, Pres., in place of T. A. Renner; H. B. Gates, Cashier, in place of I. E. Jones.

CANADA.

ALBERTA.

Edmonton—Dominion Bank; E. C. Bowker, Mngr.

Leduc—Merchants' Bank of Canada; J. H. McLean, Mngr.

MANITOBA.

Brandon—Dominion Bank; J. M. McIntosh, Mngr.

Russell—Merchants' Bank of Canada; I. R. Shaneman, Mngr.

Winnipeg—Eastern Townships Bank; A. F. D. MacGachen, Pres.; W. L. Ball, Treas.

NEW BRUNSWICK.

Bathurst—Royal Bank of Canada; J. M. Aitken, Mngr.

Chatham—Bank of Montreal; Wm. Dick, Mngr.

NOVA SCOTIA.

Glace Bay—Union Bank of Halifax; J. W. Ryan, Mngr.

Halifax—Bank of Nova Scotia; capital increased to $3,000,000.

Louisburg—Royal Bank of Canada; C. C. Fleming, Mngr.

ONTARIO.

Belleville—Merchants' Bank of Canada; Wm. Hamilton, Mngr., deceased.

Brampton—Sovereign Bank of Canada; G. MacIntyre, Mngr.

Bridgeburg—Traders' Bank of Canada; J. A. Walker, Mngr.

Copper Cliff—Bank of Toronto; L. Lambo, Mngr.

Embro—Traders' Bank of Canada; J. A. Walker, Mngr.

Erin—Union Bank of Canada; Charles B. Billingsley, Mngr.

Guelph—Metropolitan Bank; A. E. Mellich, Mngr.

Hamilton—Traders' Bank of Canada; A. B. Ord, Mngr.

Ingersoll—Traders' Bank of Canada; E. O. S. Strange, Mngr.

Kingston—Bank of Montreal; A. J. Macdonell, Mngr.

Maple—Sterling Bank of Canada; C. F. Millar, Mngr.

Markham—Standard Bank of Canada; H. S. Adam, Mngr.

Midland—Bank of British North America; R. A. Robinson, Mngr.

Mt. Brydges—Union Bank of Canada; A. U. Bailey, Mngr.

Omemee—Bank of Toronto; J. B. L. Grout, Mngr.

Sturgeon Falls—Quebec Bank; R. L. Y. Jones, Mngr.—Traders' Bank of Canada; H. C. Anderson, Mngr.

QUEBEC.

Aylmer (East)—Crown Bank of Canada; Norman Fraser, Mngr.

Lachine Jacques—Merchants' Bank of Canada; N. J. MacGowan, Mngr.

Montreal—Bank of Montreal; J. Morris, Mngr.—Montreal City Dist. and Savings Bank; J. A. Oulmet, Pres., in place of W. H. Hingston, deceased; M. Burke, Vice-Pres.

Stanbridge—Sovereign Bank of Canada; Geo. G. Bullard, Mngr.

St. Evariste—La Banque Nationale; B. Lefelus, Mngr.

St. Hyacinthe—Banque d'Hochelaga; W. A. Moreau.

St. Jacques—Banque d'Hochelaga; L. N. Gill, Mngr.

St. Paul—Royal Bank of Canada; P. Garneau, Mngr.

Sutton—Sovereign Bank of Canada; E. A. Jenne, Mngr., in place of M. L. Whitcomb.

Waterloo—Sovereign Bank of Canada; Chas. W. Gilmour, Mngr.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ALABAMA.

Talladega—First National Bank; in voluntary liquidation, February 19, 1907.

Demopolis—First National Bank; in voluntary liquidation, March 9, 1907.

FLORIDA.

Ocala—Central National Bank; in voluntary liquidation.

MAINE.

Madison—First National Bank; in voluntary liquidation February 28, 1907.

MASSACHUSETTS.

Boston—Freemans National Bank; in voluntary liquidation, February 15, 1907.

NEW YORK.

New York—Irving National Bank; in voluntary liquidation, March 1, 1907. —Northern National Bank; in voluntary liquidation, March 12, 1907.—Astor National Bank; in voluntary liquidation, March 16, 1907.

OHIO.

Warren—New National Bank; in voluntary liquidation, February 19, 1907.

OREGON.

Brownsville—Hume & Co.

TEXAS.

Sherman—Grayson Co. National Bank; in voluntary liquidation, February 5.

Tolar—First National Bank; in voluntary liquidation, January 16, 1907.

Cuero—First National Bank; in voluntary liquidation, February 28, 1907.

CANADA.

MANITOBA.

Shoal Lake—Merchants' Bank of Canada.

THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

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GETTING READY FOR THE CROP MOVEMENT.

SOME apprehension exists as to the capability of the banks to meet the strain incident to the crop-moving demands of the summer and autumn which are now not far away. A compilation of the reports of the national banks, as made to the Comptroller of the Currency on March 22, which is the date of the last official call, shows that the banks in the reserve cities are already slightly below the reserve requirements fixed by law, while the "country banks"—that is, those outside the reserve cities—are close to the line. This being the situation, the banks are not in a position to meet any extraordinary demands upon them, such as will undoubtedly arise within a few months. The banks know by experience that they can generally rely on the Treasury to help them out in a pinch. That is why they are less concerned about present conditions than they otherwise would be. But while Treasury aid will doubtless be forthcoming, it is by no means certain that this will be adequate to meet the season's exceptional demands, especially if they should be unusually heavy.

Under a proper system of bank-note issues the banks would have a margin of unissued notes that could be used for just such emergencies as are experienced periodically in this country. But the existing system of note circulation, instead of contributing to the relief of the strain incident to the crop-moving season, greatly aggravates it.

Gold can be brought from abroad, unless circumstances should take such a turn in the European centres as to cause them to refuse to allow exports to be made, except at ruinous rates—a contingency always within the scope of the possible, and at the present time even of the probable. And even if gold can be imported, it can be made readily available only by the aid of the Treasury in making loans to the importing banks against gold to arrive, and if the Treasury must also help the situation by increasing deposits with the banks, it will not do to rely too much upon Government generosity.

It is not yet too late for the banks to do something for themselves, by quietly strengthening their reserves now wherever this may be done with but little or no inconvenience to the business interests of the country. In the opinion of those whose judgment is entitled to great weight there is grave need of such precautions.

The banks can hardly be blamed, in the face of long continued activity in the demand for funds, for taking advantage of this favorable opportunity of adding to their profits. When sound business enterprises are calling for more and more credit, it would not be good banking to refuse to supply the demand. But the banks must look to their own safety, which may be endangered by the crop-moving necessities of this year, since they will come at a time when the lending powers of the banks are already overtaxed.

While there is nothing in the present situation to justify alarm, there is much to admonish the bankers of the country of the need of exercising that wise forethought which is the best assurance of continued financial stability.

IN deciding to fund $50,000,000 of the four per cents. maturing on July 1 into long-term two per cents., the Secretary of the Treasury has shown a disposition to continue the policy of perpetuating the public debt as security for bank-note circulation instead of paying off the debt, and thus in time bring about conditions that would necessitate a revision of the bank-note issuing system on scientific lines. It may be urged as a plausible justification for refunding $50,000,000 of the four per cents. instead of paying them off, notwithstanding there was a cash balance on hand of over $250,000,000, that such action was devised to prevent a large reduction in the debt thereby curtailing the existing bank circulation more than might be desirable at this time. This excuse. however, overlooks the fact that the same end might have been gained by substituting other bonds for the Government bonds now held to protect deposits, thus releasing the bonds so held, making them available as a basis of circulation. Sooner or later we shall see the ill effects of this policy of expanding the paper circulation of the country on a basis bearing no relation to the coin reserve or to the business to be done. Already the high prices which are attracting so much attention have probably been due, to a considerable extent, to this influence. But when business relaxes and there is no longer employment for the present enormous volume of paper currency, and since there is no adequate motive for retiring it, the ill effects spoken of will become more strikingly manifest.

By making heavy borrowings abroad and by artificially stimulating gold imports, the exchange rate has been kept more favorable than it would otherwise have been. But when there is another depression, these influences will no longer avail, and gold is liable to leave the country to a large extent. We seem to be in for a long era of paper inflation, but neither the legislative power, nor the executive official charged with responsibility in the premises appears to be disposed to listen to Moses and the prophets. Only the logic of events is convincing. It is to be regretted that in the process of bringing the powers that be to their senses, the business interests of the country, as well as many innocent people, must suffer heavily. This is the penalty, however, invariably attaching to a disregard of sound principles in matters of government policy.

By extending $50,000,000 of the debt for thirty years at two per cent. instead of using that much of the $250,000,000 surplus to pay it off, the cost to the people for interest will be $30,000,000.

SEVERAL years ago THE BANKERS' MAGAZINE suggested that if bank examinations were to be made of real value, they should provide for independent auditing, the results to be communicated to the stockholders individually.

Where a bank is being wrecked, either wilfully or through incompetence, by its officers or directors, examinations made at their behest, and reported to them, will not bring about an improvement in the management, since those to whom the results of the examination are communicated were beforehand cognizant of the condition of the bank. On the other hand, with a complaisant auditor, who owes his employment to the officers or directors, it is conceivable that examinations may be used as a means of lulling the suspicions of the public and the stockholders.

The officers or directors whose incompetence or dishonesty is gradually undermining the bank are interested in concealing the true condition of affairs, while the stockholders, collectively at least, want to know the actual condition. Every kind of bank examination, therefore, which stops short of disclosing the results of an inspection to the stockholders is seriously defective. This is realized by thoughtful bank auditors, and a plea for reform is being made. In an address recently delivered before the Philadelphia Chapter of the American Institute of Bank Clerks, by J. E. STERRETT, a well-known certified public accountant, it was said:

"For many years in England it has been obligatory upon the stockholders of every corporation, including banks, to elect annually one or more auditors who shall examine the accounts and report at each annual meeting directly to the stockholders. In this way the accounts of banking institutions in England are generally audited by public accountants who are responsible directly to the stockholders, and who, under the English law, may be sent to prison at hard labor for substantial terms because of failure to properly perform their duties, and in at least one instance such a sentence has been imposed. While such a course is not obligatory in this country the custom of the employment of certified public accountants in bank examinations, as well as in the audit of other corporations, is a rapidly growing one. Perhaps in no city in the country is this practice more widely observed than in Philadelphia, and its steady growth here would seem to indicate that bankers are convinced of the value of this form of examination. It is quite probable that the near future may produce legislation in this country along lines similar to that which has existed for many years in England; but whether this is true or not, public sentiment is steadily crystallizing in favor of independent examinations by competent persons or firms who, with their own reputations at stake, are entirely independent of the officers of the bank under examination."

It may be objected, of course, that were stockholders informed regularly of a bank's condition, it would afford an opportunity for some of them to pry into the management and to stir up trouble, and might also, in some cases, cause distrust. While there would be, undoubtedly, some danger from this source, it is probably much less to be dreaded than the possibilities of disaster that are inherent in a system of supervision that makes it easy for the dishonest and incompetent to cover up their tracks. The most insidious forms of danger can not thrive in the light. The owners of a bank have a right to know, in detail, how their property is being managed. Where the directors are incompetent or unfaithful, this information may not be obtainable. If the suggestions of Mr. Sterrett were adopted, bank auditors would be rendered more independent, and it is believed that if the results of examinations were laid before the shareholders it would tend to improve the already high character of bank management which prevails generally throughout the United States.

IN a recent issue of the "Atlanta Georgian and News," Col. Robert J. Lowry, president of the Lowry National Bank of Atlanta, and former president of the American Bankers' Association, makes an earnest plea for moderation in dealing with certain problems now uppermost in the public mind. Colonel Lowry deplores the haste and bustle of the times. He says:

"We are living at a fearfully rapid rate; we fret at a moment's delay; we want skyscrapers erected like mushrooms in a night; we are restless, nervous, and constantly agitated; we want freight delivered before it can scarcely be loaded on cars, we murmur at enforced delays of traffic, never considering the bulk of freight and the number of passengers to be transported; we want to-morrow's newspaper on to-day's breakfast table; we want twelve hours' work done in two hours' time, and we nervously pass our years in panoramic swiftness, feeling often that life is short, indeed. With all this rapid bustle and hurry of twentieth century life, we murmur and chafe, when we have taken no time whatever to consider the cause of our displeasure. We never stop a moment to think."

Is it not rather because there are in the world to-day more people who think than there ever were before that gives rise to this spirit of restless activity? In India and China there are millions who have plenty of time to think. They do not rush along at express speed, but who shall say that their condition is better than ours?

How many there are, tired of the never-ending struggles of the times, and longing for repose, would like to imitate the example of Sancho Panza when he climbed the tree in order the better to observe the progress of the fight between his master and one of his foes; but they find themselves chained to the car of progress, and it is profitless to grumble at its rapidity of motion or the noise made in the course of the journey. The only way to escape the turmoil and hurly-burly of the times is to get out of the fight altogether. It may be surmised that this is an alternative that Col. Lowry would reject, even if he must continue to be vexed by the bustle of the twentieth century.

The true philosopher, instead of fretting over the din that is being continually raised both in the world of thought and of action, will maintain his serenity of soul, equanimity of temper and calmness of judgment undisturbed by the clamor that rages around him.

ANOTHER bank clerk, or rather a trust company clerk, has tried to acquire sudden wealth by helping himself to the institution's securities, which he proceeded to pledge for sundry loans, the proceeds of which, it is said, went into Wall Street operations. Wall Street has a capacious maw and is generally used as a convenient receptacle of the financial sins of the community. In this particular instance the discovery of the embezzlement was hastened by the fact that an examination of the company was in progress, and by the watchfulness of an alert clerk. President Oakleigh Thorne, of the Trust Company of America, also did some very energetic detective work, and Douglass, the defaulting employee, was caught before he got out of town.

For people who want to get rich in this manner, moralizing can have no meaning, nor are they shrewd enough to realize that such methods of financiering do not pay. Perhaps there can be no real hope of preventing occurences of this kind altogether. But it is some consolation, at least, to recall that they are comparatively rare.

Two or three things were brought to light in this case that it is well to take notice of—the value of frequent examinations, the watchfulness of employees, and the energy shown by the company in pursuing the offender. The examinations that were going on made DOUGLASS uneasy, and his going out "to lunch" at an earlier hour than usual attracted the attention of another employee, who reported the circumstance to a superior. When it was found that securities valued at many thousand dollars were missing, a number of the clerks of the trust company were converted into a detective force, and they did swift and effective work.

The safeguards thrown around banking transactions are growing stronger all the time, and it has become almost impossible for an officer or clerk to embezzle the funds and escape capture and punishment. A knowledge of this fact acts as a strong deterrent in the prevention of attempts to get unlawful possession of the securities or cash of banks by their officers and employees. Very few need this restraining influence, yet no bank can, on this account, afford to neglect any reasonable precaution, for in such cases it is generally the unexpected that happens.

HON. JAMES H. ECKELS, whose sudden death at Chicago on April 14 caused a feeling of deep regret in banking circles, had made a distinguished record as Comptroller of the Currency and as a banker. Soon after his appointment as Comptroller in the spring of 1893 the country was plunged into a severe financial panic, marked by numerous failures of banking institutions. Mr. ECKELS, at the time of his appointment, was comparatively unknown outside his own state. His elevation to the office of Comptroller was not looked upon with general favor, on account of his youth and inexperience in high official station. When, about a month after his induction into office, the silver panic set in and banks began to suspend in nearly all parts of the country, the dissatisfaction caused by his appointment was enhanced. Nor did some of his early utterances, which seemed to underestimate the extent of the impending disaster, tend to allay this feeling, but rather to aggravate it.

Mr. ECKELS began his duties under these trying circumstances, but as time went on it was seen that he displayed firmness and ability in the administration of the affairs of the Bureau, and he gradually won the confidence and respect of the bankers of the country, even of those who had most doubted the wisdom of his appointment. He addressed conventions of bankers and commercial organizations, and showed an unexpected understanding of financial and banking questions. His annual reports as Comptroller contained the results of several original investigations in regard to banking transactions that will be of permanent value, and his recommendations on the subject of a bank-note currency evidenced careful study and a conscientious devotion to sound principles. From these principles he never deviated nor did he halt in their advocacy. regardless of whether they were popular or not. When his party declared for the free and unlimited coinage of silver, he refused to support its candidate for the Presidency, and his speeches and letters were potent in bringing abont the defeat of the free silver movement.

Mr. Eckels was one of a very small number of men in the United States who have made a thorough study of a bank-note currency, and he was in great demand at bankers' conventions to speak on that subject. He was one of the strongest champions of an asset currency, and his able advocacy of that reform did much to uphold it in the face of firmly-rooted traditions in the minds of bankers in favor of the bond-secured circulation.

Mr. Eckels resigned as Comptroller on December 31, 1897, and shortly afterwards became president of the Commercial National Bank of Chicago, which position he held at the time of his death.

As Comptroller of the Currency Mr. Eckels ranks among the most eminent incumbents of that important office, while as a banker he also won substantial success. He was of that solid type of mind and character that commands respect and confidence. Although the champion of important reforms, he believed in proceeding along safe lines only. His services to the cause of sound currency and good government were far-reaching in their influence, and his life was a worthy example of American citizenship.

THE Peace Congress recently held at New York served to draw attention to the approaching Conference to meet at The Hague. The New York Congress was presided over by Mr. Andrew Carnegie and was attended by a number of men eminent in the public life of this and other countries. The resolutions adopted were of a practical character, and will, no doubt, have considerable weight at the meeting to be held at The Hague, as representing the views of America.

The movement for substituting arbitration as a means of settling international disputes, instead of resorting to war, like all other great reforms, is meeting with considerable opposition, especially on the part of those who consider themselves as being of a particularly practical turn of mind. Individuals of this kind always characterize any great progressive movement as representing the vagaries of sentimentalists and dreamers. They forget that every great reform is inaugurated by those who have the prophetic vision. Before a crop can be reaped it is necessary that the ground should be prepared and the seed sown. Were those who do this preliminary work to be restrained by the pessimists who cannot see any possibilities of a crop springing out of cold and apparently unproductive soil, the world would soon want for bread. The harvests of the world are reaped because, despite of droughts and floods, and all the other harmful influences that assail production, there are men who have felt that seedtime and harvest shall not fail. So in the world of ideas, there are prophets and dreamers who with clear vision see ahead to better conditions under which mankind is destined at some time to exist. The path of human progress is strewn with discarded impediments to the advancement of the race. Since it is becoming recognized more and more that the welfare of mankind is hindered by costly and unnecessary wars, it can hardly be doubted that, as men become more intelligent they will, if not able to abolish war altogether, at least resort to it only as a last extremity. In fact, a number of the more advanced nations have already recognized the futility of going to war except under the greatest provocation, and are settling their differences either through the ordinary diplomatic channels, or by appealing to disinterested arbitrators. As the settlement of disputes in the last-mentioned manner is shown to be entirely practicable, no doubt resort to this method of settlement will gain in popularity.

IN an address before the New York Chapter of the American Institute of Bank Clerks on the evening of April 25, Mr. WM. C. CORNWELL of New York city made a spirited defense of Wall Street in general and of the Stock Exchange in particular.

The great advantages conferred upon the country by an institution like the New York State Exchange are indisputable, and there is no doubt that much of the condemnation of the Exchange arises through prejudice and ignorance and the bid for support which cheap demagogues are always making by seeking to arouse prejudices against wealth; and as Wall Street and the Stock Exchange are the most shining examples of the abodes of wealth, they must bear the brunt of abuse of the character named.

That the Street, however, is either immaculate or superior to all attacks may be questioned. Mr. CORNWELL says: "Wall Street has no need to be defended, because it is absolutely independent of what may be said about it, asks no credit of the populace," etc. Were this statement strictly true, Mr. CORNWELL's address would have been superfluous. But actually, both Wall Street and the Stock Exchange are more or less unpopular, and this unpopularity can be removed by addresses of the character delivered by Mr. CORNWELL, setting forth the real functions of the Stock Exchange and the important parts performed by it and by Wall Street in the business activities of the nation. It is, moreover, a fundamental and serious error to assume that Wall Street, or any institution in this country, can be "absolutely independent of what may be said about it." To assume such a position is a fatal mistake. The reign of public opinion was never stronger anywhere than it is now in the United States, and to ignore or to defy it is short-sighted in the extreme.

The attacks upon Wall Street probably owe their popularity largely to those who regard the "money power" as an iniquitous combination which sits enthroned in the Stock Exchange. Where such beliefs originate through prejudice or ignorance they may be removed by spreading information of the kind contained in Mr. CORNWELL's address. For the attacks of the demagogue there is no remedy.

While conceding the justice of all that Mr. CORNWELL says in behalf of the Stock Exchange, and fully realizing the high standard of dealing that is in force in the New York Stock Exchange, it may be asked whether there is any real ground for the hostility to that institution which undoubtedly exists among many well informed people. Perhaps the Exchange is unjustly held responsible for many sins not of its commission. It is, primarily, a market; but, unlike some other markets, it does not regulate or guarantee the quality of the goods traded in. Beyond a few regulations designed to prevent counterfeiting, the Stock Exchange does not exercise any marked degree of supervision of the securities listed. If a market under municipal control were to allow the sale of rotten apples, tainted meats or watered milk it would find itself in conflict with the health authorities. But the Stock Exchange permits dealing in securities of rather doubtful value, and welcomes watered stocks as cordially as those issued on a conservative basis, furnishing, however, in the daily prices a pretty accurate gauge of the amount of water, if any, contained in the various stocks dealt in, and thus serving a most useful purpose.

It is doubtful whether the Stock Exchange could greatly extend its powers over the securities handled through its members without impairing the freedom of the market now offered, and which is one of its striking advantages.

There are many who believe that the operations of the Stock Exchange are to a considerable extent really fictitious, representing transactions of stock manipulators as distinguished from legitimate traders. While the rules are intended to prevent this, it is a question as to whether they are enforced with sufficient strictness.

Wall Street is far from being as black as it is painted, yet there are many things done, apparently under the respectable cover of membership in the Stock Exchange, that tend to demoralize and discredit our financial reputation, and that probably impair the usefulness of the Exchange in the discharge of its legitimate functions. Most of the criticisms of the Stock Exchange have no foundation, and if any evils do exist they can be remedied by the Governing Board without legislative intervention.

PUBLICITY of banking conditions is much more limited in Great Britain than here. While the Bank of England publishes a balance-sheet weekly, the other London banks do not. Twelve of them voluntarily publish a monthly statement, but these institutions, though very important, do not hold half of the deposits of the banks of the United Kingdom. The twelve publishing banks have deposits amounting to £389,000,000, while the non-publishing banks have £421,000,000.

In this country the principle of banking publicity has become almost universally accepted. The New York Clearing-House banks publish a report every Saturday, showing their average condition for the week, and all the national banks make and publish reports five times a year. The state banks and trust companies in most of the states also publish frequent reports.

While the publication of the reports of the banks in this country is compulsory, being required by the law, bankers, as a rule, do not object to this publicity, but rather welcome it.

The question of "Bank Balance-Sheets" was discussed quite fully at a recent meeting of the London Institute of Bankers, the principal paper being read by Mr. R. H. Inglis Palgrave, the well-known authority on banking subjects. It was the opinion of Mr. Palgrave and of others that monthly publication of statements should be made voluntarily, and that if this were not done, Parliament might pass an act fixing the form of statement and requiring details not essential or desirable to be made public. Mr. Palgrave also said that a form enjoined by legislation would be much more rigid than one devised by the bankers on their own initiative.

The National Banking Act requires that the national banks of the United States shall make and publish reports five times a year, showing in detail their assets and liabilities, but the exact form of the report is left to the discretion of the Comptroller of the Currency. This makes it possible to change the form as occasion may require, and as a matter of fact it has been changed quite frequently. With the adoption of amendments in the banking and currency laws certain items become obsolete; and, on the other hand, it is sometimes found advisable to add new items—the growth of trust companies, for example, has made it desirable that the reports should show the amount due trust companies and savings banks, instead of merely the amount due state banks and bankers.

The English banking system differs materially from the systems existing in the United States, and there is not the same necessity in that country for imposing legal restrictions upon the banks. Nevertheless, the vast proportions which the business of the London banks has attained and the increased demands made on the world's great money market render it desirable that banking operations should be conducted in the light of more complete information, which would be supplied by the publication of monthly statements as recommended by Mr. Palgrave, Sir Felix Schuster, and others. If the bankers agree among themselves as to the form of such statements and how often they shall be published, legislation on the subject will most likely be forestalled.

DESTRUCTION and waste are the great obstacles to the accumulation of wealth. Wars, floods, fires, and destructive forces in innumerable forms are unceasingly at work to sweep away the aggregations which man has piled up by years or centuries of toil. The process of building up wealth goes on slowly and almost imperceptibly, but its destruction is often accomplished in a day or an hour. Riches take wings and fly away, suddenly, never to return.

It is only with the preventable hindrances to the continuous growth of wealth that we need be concerned. Some precautions may be taken against floods, earthquakes and other cataclysms of nature, but occasionally none of these will avail. Human prevision is not always equal to the task of coping with the terrific power of the hidden forces that sometimes break forth with sudden and overwhelming fury. Great catastrophes like the flood at Galveston and the earthquake at San Francisco appal us by their suddenness and the extent of the devastation wrought. The almost complete disappearance of a populous and prosperous city within the limits of a single day is an event that staggers the mind by its sheer immensity. While we may deplore these great catastrophes, it is impossible to prevent them, and all that may be done is to build our exposed cities with a view to offering a maximum of resistance to their destructive forces.

But there are many instrumentalities tending to dissipate the world's wealth, or to hinder accumulation, upon which remedial measures might be brought to bear. With the spread of intelligence, the idea is already beginning to dawn on men's minds that the waste of war can be greatly lessened immediately, and that in time it may be reduced to a comparatively small amount, even if it is not altogether abolished as dreamed of by the more optimistic.

Fire annually swallows up property valued at many millions of dollars—a frightful source of waste, which could be greatly curtailed by building fireproof structures, by increasing the efficiency of our fire departments, and by the adoption of more stringent precautions in regard to the handling of highly inflammable materials.

Appalling as is the destruction wrought by the agencies already named, they seem relatively trivial when placed in juxtaposition with those losses which men voluntarily sustain through their own ignorance and folly. The vices and follies of mankind not only make countless thousands mourn, but they entail the expenditure of countless millions with no compensation. Tobacco and drink are notorious offenders against the saving habit, and an indulgence in them, at least beyond the most prudent limits, is undeniably a handicap to the would-be accumulator of wealth. The progress of mankind in the struggle for material betterment is retarded in many other ways. Who shall measure the days' work lost and the fatal illnesses caused by the lack, on the part of somebody, of the ability to select the right kind of food and to prepare it properly for the sustenance of those who carry on the mental and physical work of the world? Cooking-schools may not be among the most obvious sources of national wealth, although as physical strength is one of the chief elements of a nation's economic and military prowess, and as good food is necessary to the development of strength, it may be said that the kind of food a people eat is not a subject outside the range of practical statesmanship.

Improper methods of housing the population of great cities are also responsible for many physical ills, and are therefore the source of inefficiency and of waste. Diseases that sap the vitality of the laboring classes particularly could be largely prevented if the most ordinary care were bestowed upon the problem of providing sufficient light and air for their habitations. Primarily, this is a matter to be regulated chiefly through the improvement of transportation facilities. In this direction wonderful advances are being made. Still, the subject of transportation has been given little consideration except from the standpoint of the shareholders' profits. That, of course, is the consideration that motives all business enterprise. But might not the subject be approached from the viewpoint of public service, and the benefits that would be conferred upon millions of dwellers in crowded cities by a careful adaptation of transit facilities to popular needs? The development of transportation facilities under the existing system has undoubtedly conferred great benefits upon the people, but these have been incidental and were in no case the direct object of those who owned or controlled the traffic lines. Street railways have not been built or operated for the purpose of benefiting the people, but solely for the purpose of making a profit for those who have built and operated them. However satisfactory the result may have been from this standpoint, it has been fatally defective in supplying anything like the means of travel adequate to the prevention of an undesirable congestion of population in our large cities.

The time has come when the municipal authorities of New York and other great centres of population must face this problem, purely as a matter of self-interest. The herding of vast number of workers in poorly constructed houses, lacking proper light and ventilation, tends to bring about physical and mental deterioration, with consequent economic inefficiency and waste in the country's productive forces.

Considering the evils attendant upon congested population, and the enormous burdens placed upon business and living in the shape of exorbitant rentals, due to a concentration of trade and industry within narrow urban areas, it is at least an open question whether it would not be desirable and profitable for the more populous cities to furnish their inhabitants with transportation at nominal cost, or free of charge, in the same way as the streets and highways are already open to the free use of everybody. Manifestly, the latter are not wholly free, but the charge for their use is paid indirectly, through taxation, as would be the case if free transportation were furnished within the limitations named. The question is one to be considered from a purely economic standpoint, and the problem is this: Would the increased efficiency of the people as workers, and the lightening of rentals that would follow a distribution of the population over wider areas, compensate for the expenditures necessary for the maintenance and operation of the transportation lines at the cost of the public treasury?

The conservation of wealth can, perhaps, be promoted in no more effective way than by the conservation of character—not merely in its ethical or moral aspects, but in all that tends toward efficiency.

Statesmen, financiers and men of science are forever searching for new sources of wealth, but less attention is given to the prevention of waste.

The energies put forth for the accumulation of capital and wealth are counteracted to a considerable extent by wasteful and destructive forces whose baneful influences might be materially circumscribed by proper study and attention.

IT is to be hoped that the work begun some time ago in behalf of currency reform by the Chamber of Commerce of the State of New York and by the American Bankers' Association may be resumed in the near future. It is probable that the chances of accomplishing something in the direction of currency reform would have been much greater had the work undertaken by these bodies not been allowed to end with the presentation of the reports made last fall. In securing legislation of any kind there is a vast amount of inertia to be overcome, and particularly with reference to a subject on which opinion is so conservative as it is in matters relating to banking or the currency. The only hope of accomplishing anything lies in keeping the matter constantly before those most interested, and this can be done only by carrying on a propaganda constantly.

It is inconceivable that the manifest imperfections in the bank-note currency system of the country should be allowed to continue without serious efforts being made to remedy them. This work might not only be done with propriety by the Chamber of Commerce Committee, but by similar organizations throughout the country co-operating with the American Bankers' Association and the bankers' associations of the various states.

It may not be possible to have anything in the way of legislation at the session of Congress beginning next December, but if educational work along this line is kept up, it is not improbable that one of the political parties may incorporate some reference to the matter in the party platform, and thus bring the subject to the attention of the voters.

THE relations which should exist between the people and the great transportation companies of the country were correctly stated by President W. W. FINLEY, of the Southern Railway Company, in an address at the recent annual dinner of the Atlanta Chamber of Commerce.

President FINLEY stated that the railways of the present and future must cultivate the good will and co-operation of the public by adopting and promulgating sound economic and commercial principles as to the conduct of their business, and that frank publicity must be a part of the policy of the railways, and that the people must be taken into the confidence of these companies.

It is encouraging that this view is being taken by the prominent railway managers of the country, and if they act upon the suggestions of Mr. FINLEY, it will doubtless do much to remove the existing friction between the railways and the public. Disagreements of nearly every kind arise largely from misunderstandings, and the policy of publicity recommended by President FINLEY, and addresses of the character made by him at Atlanta, will go far toward removing the grounds for distrust.

√ THE ECONOMIC BENEFITS OF INVESTMENTS ABROAD.

BY CHARLES A. CONANT.

THE people which has invested considerable amounts of its surplus capital in foreign countries has cast off its swaddling clothes and is ready to take rank among the financial powers of the world. It has acquired a footing in the field of international finance which gives power to direct the currents of trade and to command money in case of need. This is the secret of the wealth and power of England for the last century. She has sat at the centre of exchanges, imposing her tolls upon the producers of the world for carrying their products, collecting their charges, and above all advancing them money pending the marketing of their products. Is it any wonder that by such weapons she has been able to direct trade and exchange into the channels she has designated, and until recently almost without a rival? If rivals are now arising in Germany and America, it is because they also possess saved capital for investment beyond their own borders and their control of it promises to give them a share in directing the world's trade and levying banking charges upon the transactions passing through their hands.

Extension of Our Foreign Investments.

The United States will not become a first-class financial power until its investments abroad are much more extended than at present and greater interest is taken by American financial men generally in foreign countries. In London, Paris and Berlin, such securities are as well understood and almost as frequently dealt in as domestic securities. Recent estimates by European economists put the amount of British capital invested abroad at about ten thousand millions of dollars: French capital thus invested at $5,712,000,000; and German capital thus invested at $4,641,000,000. In South America French investments are over $350,000,000, and German investments are $476,000,000. On the Paris Bourse the face value of the securities listed in the foreign department is greater than that of all home securities—governmental, railway, financial and industrial.

In the United States the foreign securities dealt in are few and transactions are rare. This condition must be changed before this country becomes a "world power" in finance. A beginning has been made in the cordial reception of the Japanese loans and in the investments made in Canada, Mexico, and Cuba. The acquisition of the Philippines also has afforded an opening for investing new capital and has given America a vantage ground in the contest for trade and financial supremacy in the Orient. Much remains to be done, however, if this country is to become an important factor in the trade and finances of the countries of Latin America.

International Banking and Credit Facilities.

Investment of capital goes hand in hand with the sale of commodities. A people are not likely to sell great quantities of their products abroad, in competition with rival producers, until they have the means to establish banking facilities and extend credit. This does not apply strictly to the countries which have the monopoly of a natural product, like coffee or rubber; but the United States, while they long had something approaching such a monopoly in regard to cotton, are not willing to content themselves with the role of providers of raw material and food products. In order to extend the field for their manufactured products, of which the export has grown so greatly in the last few years, it is necessary to compete with other manufacturing nations in respect to facilities for credit and for handling their own banking operations. This can only come about when American capital is invested freely in foreign banking institutions designed to establish direct credit connections between New York and those countries in which American producers seek a market. And such banking institutions must stand ready to adapt themselves to local conditions and to aid in placing American capital at the command of local industry.

Foreign trade is the exchange of commodities and not primarily of money. While trade does not always follow the flag, it does follow the lines of least resistance and political control has something to do with determining these lines. This is indicated by the fact that the large exports of sugar which have always been sent to the United States by Cuba are being paid for, since the emancipation of Cuba from Spain, by much larger shipments of American goods to Cuba than before the political change. Formerly, while the United States were compelled by the needs of their great population to take a large part of the sugar product of Cuba, they paid for it by their shipments of wheat, cotton and other products to Europe. The Cuban exporter was glad to have his money in a form available in London, because from that point he could use it for the purchase of the luxuries which he desired in France and other Continental countries. Thus, by a system of indirect exchange, Spain retained control of the Cuban market and her bankers reaped the benefits of the exchanges.

A similar system of indirect exchange has long prevailed in regard to the relations between the United States and the South American countries. America has paid for her imports of coffee and rubber by sending her products to Europe, thereby enabling the South American exporter to spend his money there rather than in New York. The time is coming for a change in these conditions. In order to hasten the change, however, it will be necessary for American financiers, as their resources grow, to take some interest in South American affairs and to make investments of capital there in industrial and banking enterprises. When this is done New York will have an influence upon the markets of Latin America which she does not now possess.

In a struggle for the control of South American markets, American finance must go hand in hand with American producing and exporting enterprise. Only gradually probably will all the conditions essential to success come about, but they can be hastened by a bold initiative and by far-sighted banking policy. The country which has surplus capital to finance the enterprise of its merchants has a tremendous advantage over its competitors in the struggle for foreign trade, especially for trade with those countries which are not rich in capital and need time in which to pay for their purchases. How this comes about has been set forth by the present writer elsewhere as follows:*

"The saved capital of the old world has been transferred to the new world largely by means of the credit system. The transfer has not been made to any considerable extent in metallic money, but in commodities for which credit has been granted. The credit system has made possible the proposition that international loans are made in commodities and not in money. The new countries have been developed by the transfer to them of commodities, for which the full equivalent has not been demanded back. Great Britain, for instance, has furnished to these countries great quantities of agricultural and manufacturing machinery, as well as more perishable commodities for immediate consumption, and has been contented with payment of the interest on their value rather than with payment of the principal. The British manufacturer himself may have received full payment, but other Englishmen have provided means of payment by purchasing government and industrial securities of the new countries. The effect of the operation has been that they have turned over their saved capital to manufacturers of machinery and commodities in England, on behalf of purchasers in undeveloped countries, and have accepted in return only an interest on their loans to these countries. This transfer of capital has afforded at once a means of development to the new countries and a means of earning a return upon their capital to the older countries."

Closer Connection With Foreign Money Market.

One of the benefits which are incidental to considerable investments in foreign securities is the closer connection thereby established with foreign money markets. If the investments are of an international character—that is, if they are quoted and freely dealt in on several markets—it becomes possible for either of the investing countries to raise money, in case of sudden need, by selling the securities in its possession on the other markets where they are quoted. It would not be possible under present conditions for New York to sell back to the people of the countries where they were issued, large blocks of South American securities, but it would be possible to relieve temporary tension on the New

* "Principles of Money and Banking," Harper & Bros., II, p. 181.

York market by selling or borrowing on them in London, Paris or Berlin; if such securities had in those places an established market.

The time often comes, moreover, when the country originally issuing securities builds up its fund of surplus capital to the point where it goes into the market to buy back its own securities. This happened with the debt growing out of the Civil War in the United States, and more recently with the national securities of Italy, which have been bought back by Italians by hundreds of millions of francs as their wealth increased and exchange was raised towards par by the prudent policy of successive ministers of finance. In such cases the securities usually go back at a much higher price than that at which they were issued, and the original lender of the capital, if he has continued to hold the securities, reaps a high premium for his early trust in the future of the borrower.

Incidental to closer connection with foreign money markets is the ability to shift the burden of monetary pressure by the use of accepted paper. It becomes possible, as is the custom in Europe, to transfer from one market to another commercial paper which has been accepted by some bank of well-known reputation. This system of acceptances, although little employed in the United States, is one of the safety-valves of the money markets of London and the Continent. On the Continent paper drawn on England, which has been accepted by some strong banking-house, is held by bankers as a substantial part of their reserves, because they know that such paper can be sold promptly at its full value or collected at maturity. In this way a bank needing cash is able to obtain it by parting with its accepted paper. This practice permits the shifting of such paper from one money market to another according to the demand for currency and credit.

Means for Increasing Trade With Latin America.

If a large trade is to be established with Latin America, it will probably be necessary to introduce the system of acceptances in favor of strong South American houses. It will be necessary to domesticate in New York the government obligations of some of these countries, in order to afford a prompt means of shifting capital between one country and the other. It will be necessary also to invest American capital in banks and corporations doing business in the Southern countries. Such banks and corporations may remain exclusively under American control, as is the case with many of the great English banks which do business in the undeveloped countries, or they may be in their organization essentially foreign. So far as possible, it will be desirable to enlist the sympathy of these people by giving them some share in these new enterprises and imparting to them the character of national enterprises in the country where they are established, relying only upon the friendly support of North America in the matter of providing capital and establishing world-wide relations.

Importance of Stable Monetary Systems.

In order, however, to make investments in South America attractive, it is important that the investor shall know whether he can get his money back without loss. This must depend, in a sense, upon the soundness of the particular enterprise in which investment is made. There is a general consideration, however, which American investors and bankers cannot afford to ignore. This is the question of exchange. So long as the value of money is uncertain, there will be great hesitation to risk the danger that a high rate of interest may be more than offset by a fall in the gold value of the unit. This was what deterred European investors from putting money for short terms into Mexico before the adoption of the gold standard. Since stable exchange was assured by the adoption of the gold standard, foreign money has poured into Mexico in a golden stream. Senor Limantour, the Minister of Finance, estimates investments in bank capital, railways, mining and industrial enterprises for the fiscal year 1906 alone at about $43,000,000. During the same period gold accumulated in Mexican banks in exchange for silver to the amount of $21,000,000, and deposits in the banks increased by $15,000,000. Development like this is likely to take place in other Latin-American countries if they take steps similar to those taken by Mexico to establish a sound monetary system.

It is a gratifying fact that several countries of South America have already taken action looking towards the termination of the difficulties of exchange. Peru adopted the gold standard on a basis similar to that of Mexico and the Philippines as far back as 1901. The Argentine Republic has been absorbing gold in large amounts and has taken a long, firm step towards stable exchange by offering to pay gold for paper at a fixed rate. Bolivia has adopted a gold standard law, which will go into effect next year if the exchange of the old currency for the new proceeds in a satisfactory manner. Brazil has also taken resolute steps towards fixing the value of the milrei, but it may be doubted whether the effort to create a corner in the coffee market by the valorization law will be entirely effective. If these countries succeed, however, in establishing themselves on the gold standard—or even on the gold-exchange standard, with the maintenance of silver coins at a fixed gold par—they will hold out much stronger inducements to the investor of foreign capital than those countries which attempt to flounder along upon a paper or silver basis.

The action taken by the Rio Conference on this subject has not been widely heralded in this country, but was of quite as much importance as any of the other subjects which came before the Conference. Upon a suggestion to the State Department by the gentlemen who served in 1903 and 1904 on the Commission on International Exchange, the Conference adopted the following resolutions:

"1st.—To recommend to the governments that they cause to be prepared for the next conference a detailed study of the monetary system in force in each one of the American Republics, its history, the fluctuations of the type of exchange which have taken place in the last twenty years, the preparation of tables showing the influence of the said fluctuations on commerce and industrial development.

2nd.—To recommend also that these studies be effected at the International Bureau of American Republics in order that the latter may prepare a resume of the said studies, publish and distribute them among the several governments at least six months before the meeting of the next International Conference."

The duty thus plainly imposed upon the Bureau of American Republics should be taken up and promptly fulfilled. There is no reason to doubt, with such an energetic chief as the Hon. John Barrett at the head of the Bureau, that this will be done. It is fortunate that the work can be undertaken through an international bureau of this character. It would be both short-sighted and arrogant for the United States to undertake to read a lesson in such a matter to other governments. Our own record in finance, in floating irredeemable paper and coining unnecessary carloads of depreciated silver, is not one to justify our assuming the position of mentors on financial subjects to other countries. The governments which have acted with intelligence, foresight, and resolution in financial matters in recent years have been those of Russia, when she adopted the gold standard in 1897; Japan, when she went to a gold standard basis at about the same time; and Mexico, when she determined to go upon a gold-exchange standard in 1904. Fortunately the latter country is a leading member of the brotherhood of American Republics. She is in a position to set forth to her Southern neighbors the benefits which she derived from stable exchange and to point out to them that it is one of the most effective methods of opening the way for the investment of foreign capital.

A bank, as such, established in a country with unstable exchange, is in a position to profit largely from the fluctuations of exchange, if it has the means at command to enter the market. This has been the experience of the great British banks in the Orient, like the Hongkong and Shanghai and the Chartered Bank. In the long run, however, a bank wins a barren victory in shaving rates of exchange. Its real success lies in the development of the country where it is located. Such development can only come with the influx of capital and such capital will come only when conditions of exchange are stable. If American bankers enter seriously upon the problem of promoting American enterprise in Latin America, one of the best services they can render to those countries which have not already taken effective steps to bring about stable exchange is to offer their services by loans and otherwise in attaining this end. Those countries which are the first to establish stable exchange conditions and to maintain them will be the first to receive the benefits of foreign investments.

Among the underlying conditions, therefore, to the promotion of American trade in Latin America is the necessity of the employment of American capital in banking and in the promotion of facilities for credit.

Only in this manner can American manufacturers and exporters be put upon an equal footing with their competitors in these countries, who enjoy the benefits of the most efficient and highly-organized banking institutions of the old world, aided in all cases by the moral support and in some cases by the financial support of their home governments. The entry of American capital upon this field will afford high returns, if investments are made with intelligence and prudence, and will give a breadth and cosmopolitan character to the American market which it now lacks.

THE PROPER USE OF WEALTH.

SPEAKING at the dedication of the Carnegie Institute at Pittsburgh on April 11, Andrew Carnegie, the founder of the institute, said:

"There is room for many things of the spirit in our city. Things material are abundant. Our mills and factories are numerous, large and prosperous, but things material, including money itself, should only be the foundation upon which is reared things spiritual. Our mines of coal and iron have not completed their mission when transmuted into dollars. Not till the dollars are transmuted into service for others has wealth completely justified its existence. Dollars are only dross until spiritualized, a means to an end, and miserable is the man, mean and squalid his life, who knows no better than to deaden his soul by mere possession, counting over the hoard which holds him down or using his faculties in old age in augmenting the useless stuff which ministers not to any taste worthy of man.

Little does and little can the speculator on the exchange or the mere dollar grabber in any line of activity know of the higher pleasures of human existence. Only when a man labors for the general good and for other than miserable aims that end with self can he know and enjoy the high spiritual rewards of life.

Many are the men and women in Pittsburgh who are laborers in the vineyards of self-abnegation. The highest type of humanity is that which does most to make our earthly home a heaven. The highest worship of God is service to man."

NEW COUNTERFEIT $10 (BUFFALO) UNITED STATES NOTE.

SERIES of 1901; check letter C; face plate number 3; back plate number indecipherable, probably 38; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States.

This counterfeit is printed on three pieces of thin paper, between which silk threads have been distributed, from zinc etched plates which have been touched up with an engraving tool. The portraits of Lewis and Clarke and the picture of the buffalo are particularly bad and should easily lead to the detection of this counterfeit. The seal and large numeral on the face of the note are much too light in color. The numbering is fairly good. The back is poorly printed, the green ink being smeared over the white lettering in many places. This counterfeit should not deceive a person exercising ordinary care.

STOCK SHARES OF PRIVATE CORPORATIONS.

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(CONTINUED FROM THE APRIL NUMBER.)

V.—KINDS OF SHARES.

CERTAIN distinctions in the legal rights, assurances or liabilities of different groups of shareholders are marked by correspondingly varied types of shares, though this variety is far less than among bonds.

1. *Debenture stock*—a type of English model and primarily for that market—has been used in this country instead of bonds[1] to which it holds some analogy, though it is yet but a form of highly preferred share, with the common features of perpetual life, voting power and fixed income rate. Its bond resemblance lies in the peculiar provisions which safeguard a holder's rights and invested principal: Thus, under the terms of a "trust deed and contract" executed and filed with a trustee, the debenture shareholders are represented by a "finance committee" chosen yearly in part from their number and with absolute power to veto the directors' acts in whole or part in borrowing money, issue of new securities, with claims either prior or subsequent to the debenture rights, and all money expenditures, except for operation. To assure proper treatment of the operating and other corporate accounts, they are repeatedly examined and reported directly to the "finance committee" by its own independent auditor. In case of the directors' failure to ascertain or appropriate net earnings as provided, or of the company's default in interest payments or other covenants, the debenture stockholders, through their finance committee, may require the trustee to take charge of the enterprise or to appoint a receiver approved by the committee to receive and disburse the revenues and to manage the property under the committee's direction. In the event of liquidation, and the absence of prior right bonds issued with the debenture shareholders' consent, the company's *net* assets are also first applicable to repayment of the debenture principal.

Although a stock share, its determined income rate, coupled with a voice in corporate management, its priority of claim, and the comparatively automatic and inexpensive method for an enforcement of its rights, rank the debenture stock theoretically first as a share security and evidently of possible equivalence to a first mortgage bond, notwithstanding

1 Chicago-Great Western Ry. Co.—4% cumulative debenture stock.

the example shows a rather higher "basis" than might be expected, which may be partly due to American unfamiliarity with this type.

2. *Special stock*—an infrequent, early type of share, is yet occasionally put out by railroads[2] in accord with formerly made specific arrangements for special ends as improvements[3] or betterments, from which the stock sometimes gets its name[4]; but it is in these cases essentially an ordinary share without exceptional preferences, and subject in all respects to the general or prior stockholders' rights, as to a stipulated dividend. Its present authorization, however, as a superior type of preferred stock is peculiar to Massachusetts, where it may be issued by industrial companies to two-fifths of their total capital on vote of three-fourths of the shareholders. As with bonds, the income is payable semi-yearly, while the owner holds a position as both limited partner and unsecured creditor in that he cannot be held liable beyond the par of his shares, which must be provided for by the general shareholder and absolutely redeemed at a fixed time without reference to the company's earnings.

3. *Guaranteed stocks*[5] are a product largely of the numerous corporate combinations, extensions and leases of the last decade, and include any kind of preferred or common shares, which latter constitute around eighty per cent. to eighty-five per cent. of all such stocks, of leased properties or of those partly absorbed or controlled by a majority ownership of their stock, whose dividend payments only[6] are guaranteed by another than the issue company.

Judged by their frequently low basis or net yield of from about 3⅝ per cent. to 4¾ per cent. for the better steam railroad shares[7], and somewhat higher for other transportation or industrial companies. these stocks, though largely "common," and of properties in themselves relatively small, are ranked well up among conservative investments and collectively form an important part of those comparatively few shares entitled to be so treated.

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2 Lake Shore R. R. Co. (now part of L. S. & M. S. Ry. system), special stock.

3 Pittsburg, Ft. Wayne and Chicago Ry. Co. (part of Penn. R. R. system), special stock.

4 Cleveland and Pittsburg R. R. Co. (part of Penn. R. R. system), betterment stock.

5 Though not organically a distinct type, these shares are here so conveniently treated.

6 Compare bonds, which may be guaranteed as to interest and principal.

7 New York and Harlem R. R., com. stock—10% guaranteed by N. Y. Central and Hudson River R. R. Co.—basis 3.6% (a).

Cleveland and Pittsburg R. R., com. stock—4% guaranteed by Pennsylvania R. R. Co.—basis 3.75%.

Rensselaer and Saratoga R. R., com. stock—8% guaranteed by Delaware & Hudson Co.—basis 3.8%.

Hereford Ry., com. stock—4% guaranteed by Maine Central R. R. Co.—basis 4%.

Southwestern R. R. of Ga., com. stock—5% guaranteed by Central of Georgia Ry. Co.—basis 4.23%.

Cleveland, Cincinnati, Chicago & St. Louis R. R., pfd. stock—5% guaranteed by Lake Shore & Mich. Southern Ry. Co.—basis 4⅝%.

(a) The "bases" given only for illustration are but approximately relative at a certain time.

Any actual superiority indicated by this low basis probably pertains more often to dividend stability than to security of the share principal, and is determined by either or both of the following factors:

A. In a majority of cases the merit of guaranteed, like unguaranteed shares, is governed apparently in theory and practice by the inherent strength of the issue company individually: thus, the fact of a guaranty normally indicates that the guaranteed company is esteemed able itself to earn the amounts assured—save where it is thought the property will be of enough value to the guarantor in connection with its business that it can afford to assume the burden of the pledged charges; secondly, this general proposition is seemingly substantiated by the frequent fact that a guarantor's dividend-paying shares sell on a higher basis than those it has guaranteed; so, but three out of sixteen given issues guaranteed by ten different railroad companies of different relative strengths sold on a higher basis than the guarantor's own shares; while all of eight different guaranteed street railway stocks were on a lower basis than the dividend-paying stock of the guarantor itself.

B. A guarantor's strength becomes the important question where the guaranteed company is normally unable to earn its dividends, or so becomes.

C. The value of potential resort to a competent guarantor, however, depends on the practical force of a guaranty as a binding obligation, which in turn rests on several considerations.

(*a*) Legal right of the company to guarantee: a legal authority given to one company to guarantee in the use of its powers the shares of another for an adequate "consideration" is the first and fundamental requisite for all valid guaranties, and may commonly be assumed to exist.

(*b*) Contract restrictions on power to guarantee; but restrictions on the exercise of this general right may sometimes exist in the terms of an extant mortgage of the guarantor, as a preferred "income," that by its stipulation against the use of earnings to pay later guaranties prevents the valid making of such a pledge or renders one so made of no account.

(*c*) Character of guaranty: granted legal sanction and formality and absence of prior restrictions by the guarantor itself, value of a guaranty next rests on its nature. Save in rare cases where such pledge is essentially a secured obligation itself guaranteed by a special or general mortgage executed for that end, the share guaranty is simply an unsecured endorsement in the form of either distinct contracts of guaranty on each certificate, or, less frequently, as so-called "recitals" or brief declarations—not in themselves contracts—that the shares are guaranteed in another instrument, as an existing lease, though the two forms may have practically the same force.

(*d*) General legal effect of a guaranty: question as to the general legal effect of a guaranty will practically arise only when the liability of the guarantor becomes important. The above-noted ordinary indorsement of guaranty is considered a primary undertaking of the guarantor against whom it may be enforced in case of default without recourse to the original company. Hence, the guaranteed shareholder may be raised to the position of a general judgment creditor of the guarantor, intermediate between its own stockholders and secured creditors, with possible power to force a receivership if desirable; though the mere fact of guaranty does not in itself create such respective rights and liabilities, in absence of legal action thereon.

An express stipulation by the guarantor, however, that the guaranteed dividends shall take precedence (in case of conflict) over its own interest obligations on subsequently funded debt, especially on a likely contemporary issue of consolidated mortgage bonds—and, presumably, on debenture, income or similar issues—is plainly possible—when the fact becomes material to the bondholder affected.

(*e*) Business policy: finally, the practical surety for uninterrupted continuance of guaranteed dividends, when largely dependent on the guarantor, rests much on considerations of *business policy* for the guarantor. Unless there are specific contrary arrangements, the distribution of gross earnings between interest payments and guaranteed dividends is at the directors' discretion, as are common share dividends in the absence of fraud. Hence, where a property is already *controlled* by a company, guaranteed dividends, when unsecured, may be passed if necessary by the guarantor without other consequences then a probable addition to its list of general creditors: but where the property whose shares are guaranteed is *leased* by the guarantor, the pledged dividends forming part of the rental consideration, failure to pay the same may directly result in forfeiture of or an action to cancel the lease and loss to the guarantor of a necessary or valuable property; in such case the directors might deem it advisable to pay the guaranteed dividends even at the cost of default on their own bond interest, which, though at times a conceivably greater commercial obligation than floating charges or guaranteed dividends, has generally no greater legal claim to satisfaction, and may be passed in favor of the latter as has heretofore been done.

As to any special exemption of guaranteed shares from *taxation* it need be only stated that this matter is governed solely by different state laws, and that no state can exempt holders of a certain security from taxation in another state. Practically, however, and apart from the tendency of such property to be overlooked, stock shares are commonly untaxed, since the stockholders' company itself generally pays taxes on the corporate income or property, which is essentially, if not in strict theory, that of the shareholders, and also because of the fluctuating values of shares as a class, the practical uncertainty of their true worth, and the difficulty of fixing their just valuation as a basis for taxation.

4. *Preferred* shares—are those entitled to various possible priorities in a distribution of corporate net profits[8] or property [9] or both[10], and

[8] Denver and Rio Grande—Pfd. stock, 5%.
[9] Atchison, Topeka and Santa Fe—Pfd. stock, 5%.
[10] Hocking Valley—Pfd. stock, 4%.

naturally may be divided into "first," "second," etc., preferred. The authority for and source of this stock is simply a formal agreement, usually expressed in the by-laws, among themselves of a company's incorporators relative to such preferences of certain classes of the proprietors over others. As such agreed precedence does not affect the rights of creditors, preferred issues are always competent and valid, on proper vote of the stockholders and in absence of any statutory or charter restriction, though unanimous consent of the shareholders is naturally required where express authorization of such stock does not appear in the law or charter. But, as preferred shares are the product of special agreements, they may vary indefinitely as to their terms and can carry by implication no distinct powers or privileges, which must therefore be expressed in the law or by-law under which they exist. Hence, in the absence of definite controlling provisions to the contrary, preferred shareholders have substantially the same general rights and liabilities as common shareholders, such as voting power, liability to assessment for unpaid subscriptions, etc.

Preferred dividend rates are uniformly limited though in some cases of highly prosperous companies provision is made that the preferred stock shall "*participate*" or share at a certain ratio in part or all of the surplus net profits left after the common shares have also received a dividend of a given per cent., usually equal to or greater than that of the preferred. In the absence of contrary specifications, preferred dividends are generally considered "*cumulative*,"[11] or accumulate from period to period until paid in full: but whether a preferred claim to dividends shall attach to all profits that successively accrue to a company from year to year, or to only those net profits that result from a single year's operations, even though inadequate to pay the same, depends ultimately on the terms of the charter and authorizing resolutions for the issue.

An enforced payment of delinquent cumulative dividends, however, can be effected in absence of special provisions only on the same general grounds on which ordinary stockholders might compel dividend payments, since preferred shareholders have no matter-of-right claim to the promised dividends even when there may be net profits available therefor, as declaration of preferred, like common, dividends is at the directors' discretion, with which the courts will not interfere when reasonably exercised; though they incline to closely scrutinize refusals to declare *non-cumulative*[12] dividends which may conceivably be withheld for the benefit of common stockholders.

5. *Interest-bearing* shares—are a now uncommon but legitimate variety on which the company promises to pay for a period out of its profits a certain rate of interest, as an inducement for subscription to its shares. Their practical resemblance to preferred stock is plain.

6. *Common* stock --known also as "deferred" or as "ordinary" shares in England—forms the major part of share issues and entitles

11 Central Pacific—Pfd. Stock, 4%.
12 Southern Pacific—Pfd. Stock, 7%.

the holder to equally apportioned dividends and asset distributions only after all creditors and shareholders with prior rights have been satisfied. Hence, accumulations of floating debt or increases of funded debt or shares which do not represent equivalent augmentations of capital or capital goods, lessen the intrinsic worth of these shares especially, though the possibility of such depreciation is theoretically limited by the control exercised through the necessary authorization of such issues by the shareholders themselves. Common dividends also may be rendered *cumulative* with reference to preferred dividends additional to the nominal rate, by provision for payment of all arrears at a certain rate on the common before the preferred may share in a further distribution of surplus.

7. *Scrip*[13]—a term sometimes incorrectly applied to stockshare certificates—is substantially the same thing save that it *lacks voting power*. It may be issued to avoid an increase of transferable shares with voting power, or when the whole authorized amount of shares has been already issued, or as a dividend when it is desired to distribute additional assets of a company above those represented by its capital stock and before their conversion into money. Occasionally the scrip certificate resembles ordinary shares in its right to dividends, or has features of both "interest-bearing" and "special" shares in the holder's title to *interest* on the sum represented until *paid* by the company at its option or a definite time or a contingency specified.

VI.—Negotiability of Shares.

Compared with bonds, stock shares theoretically differ in that they are *not* negotiable instruments, so that consequently a bona-fide purchaser takes them subject to such equities as may exist against the seller, until actual transfer and *registration* has been made on the corporate books. Business practice, however, provides executed blank assignments indorsed on the back of the certificates and has given them a quasi-negotiability, effected through operation of the legal doctrine of "estoppel," whereby the equitable interest is transferred coupled with irrevokable power of attorney to the new holder to secure legal title thereto.

VII.—Share Security.*

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13 Chicago and Northwestern Ry. Co. Stock Scrip.
Maine Central R. R. Scrip.

* This last topic, which is especially concerned with the question of proper corporate capitalization, will be continued in a later number of the MAGAZINE.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

FRAUDS, FORGERIES AND DEFALCATIONS.

CONSIDERING the enormous amounts of money and negotiable representatives of money in the shape of checks, drafts, etc., that pass through the hands of bank officers, it is remarkable how little irregularity, on an average, occurs in connection therewith. Through the hands of various officers of a single one of the larger banks in Canada there must pass, at least, many thousands of millions of dollars every year; yet, year after year will sometimes pass, not only without the slightest defalcation, but without even a serious mistake, every dollar being accurately entered and duly accounted for. Yet, although this may be the case in an average of instances, there have arisen at times, in the sphere of banking, very remarkable developments of fraud, not only from without, but from within. Such instances are worthy of a permanent chronicle in a work like the present, for they will warn bank officers themselves of the devious ways in which they may be tempted to walk; it will warn, also, those who have the direction of them, in what quarter dangers may be lurking.

Frauds and forgeries in connection with banking obviously divide themselves into two classes: those from without, and those from within. The last will be taken first.

Frauds Perpetrated From the Inside of the Bank.

Many years ago, in a condition of things now almost forgotten, the manager of a certain bank in a large business centre stood so high in the estimation of his superiors that he would undoubtedly, had the vacancy occurred, have been promoted to the highest office in the bank. He had risen rapidly to the position he occupied; and he filled it with such intelligence and judgment that there was every prospect of his becoming a man of note in the banking world generally. But during the period of his management a tide of heavy speculation in a certain article set in, taking its rise from the terribly disturbed condition of the neighboring states at the time. The article speculated in was subject to heavy fluctuations, according to the course of the war, and many fortunes were won and lost in great centres of business at the time. A number of Southern refugees had taken up their residence in the city where this manager was located, and gradually became the centre of constant speculative operations. Brokers were employed by this circle, who made heavy commissions on the sales and purchases carried on. These brokers kept large and active bank accounts.

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* Continued from April number, page 540.

In an evil hour for this manager, he made the acquaintance of some of the members of this circle of refugees and became cognizant of the operations they were carrying on, said to be largely based on private sources of information at their command. Acquaintance ripened to friendship and friendship speedily led to sympathy with the ideas that were the foundation of their speculations. They were all based upon the final success of their cause.

If it was an evil hour for the manager when he first made their acquaintance, it was a far worse calamity for him when he was induced to take a hand in their speculations. His operations increased little by little. At the outset it was only his own money that he risked. But as events developed, the speculative fever grew stronger, and larger amounts of money continued to be required to carry them on. Then it was that he brought the funds of the bank into play, concealing it from the authorities by ingenious frauds. It would have been impossible to pass these transactions through his own account without instant discovery. He therefore arranged with a firm of brokers, customers of the bank, that the entries should all pass through their account. The advances themselves, however, could not be reported at all; they must be concealed. The statements of this broker's account that were sent to Head Office were systematically falsified. Large advances were concealed by fraudulent crediting of manufactured checks. Thus, supplies of money were kept up and the authorities of the bank, for a time, kept in ignorance. All this time, hoping against hope, this speculative circle were looking for some decisive change in the course of events that would ensure victory to their cause. The manager lived in the same atmosphere of hope, and longed for a turn in the tide which would enable those illegitimate advances to be paid off. The rest of the business under his charge was being conducted with his wonted skill and judgment. But the hoped-for turn of events never came; on the contrary, matters became worse and worse. The prospects of the great cause on which so many had staked their all became darker and darker, until finally, a decisive event happened, which ruined that cause forever. The game was now up. All hope of repaying advances was gone, detection was certain, and the wretched manager sought an interview with the directors of the bank, making a partial confession. In consideration of his high character and general success the board at first were inclined to deal leniently with him, as the element of fraud was not confessed at all. But as investigation revealed the machinery by which fraud had been long carried on, there was no alternative but to dismiss him from the service and to call upon his sureties to make good the loss.

He remained in the city for some time after these events, but never again held up his head. And though comparatively young in years, he died a few months afterwards, a broken-heated man.

Defalcations amongst bank officers, in most cases, take the form of appropriations by those who have the actual command of money, such as tellers. At times, however, there occur cases of defalcation on the part of those who do not handle cash, the fraud being carried on by means of one or more *confederates*. It sometimes happens that the idea of such frauds originates in the brain of fraudulent schemers outside the bank. These become tempters to wrong-doing, and if they can find a bank clerk willing to be a party to their schemes, he may, even if in a subordinate position, enable them to carry on fraudulent operations to a very large amount.

The most remarkable of such cases in modern times is undoubtedly that which transpired in the year 1900, within the office of the Bank of Liverpool, England. The details of this singular affair became known at the trial of the parties concerned, and seldom has a more extraordinary story been published. It is another case of truth being "stranger than fiction;" but it illustrates what is found to be the general feature in all these transactions, namely, that the bank clerk or officer concerned has made acquaintances or friends amongst a class with whom he has no right to mingle. The case is rare indeed that a bank officer may be drawn into connection (through frequenting saloons and kindred places) with actual thieves and burglars. Usually, however, it is with a class who being at the outset nothing worse than speculators, are drawn into fraudulent transactions. In the case now to be referred to, the associates who brought about the Liverpool bank clerk's downfall were men of the "turf."

It is well known and "pity 'tis, 'tis true" that the habit of gambling and betting on the turf has largely increased in England during the last decade of years. Men of all classes have been drawn, more or less, into the vortex. Some of them, after having been "scorched," have had the good sense to withdraw with no great loss. In other cases men have gone on plunging deeper and deeper, until ruin and disgrace closed the scene. A career of betting is dangerous for any man; but of all men it is the most dangerous for a bank officer. In the Liverpool case the beginnings were doubtless small, and the gang of sharpers, who made this bank clerk their tool, probably hardly imagined what possibilities of mischief were within their reach, when they inveigled him into their toils. And the young man himself, at the outset, never dreamed of the daring schemes of fraud that were to be carried on by his instrumentality. He began betting with such small sums as he could risk of his own. But the time came when his small resources were insufficient, and the temptation was presented to him to abstract funds from the bank. From the moment he yielded to this he was in the power of his confederates. The whole truth of the relations between them has never transpired, but the probability is that the *modus operandi* by which the money was secured was the result of cogitations between all parties concerned. The men into whose power the miserable youth fell were evidently familiar with banking operations, and it is not improbable that the suggestion of the forging of customers' checks came from them. Forgeries having begun, it was essential that schemes should be devised by which it might seem that the proceeds of the checks were drawn out legitimately. Machinery, therefore, was set on foot of a complicated character, and by means of it abstractions went on until they amounted to a sum whieh startled the banking world. Discovery, of course, was eventually made. The clerk fled. So did his fellow conspirators. The ramifications of their villainies were gradually brought to light. Most of the parties were brought to justice, tried and sentenced. The bank recovered a large part of the money out of which it had been defrauded and changed the balance from its special reserve fund.

But the most singular part of this story is, that the young man himself seems to have derived no benefit whatever from the gigantic frauds. He kept his position in the bank, went on quietly doing his work, apparently spending no more than young men of his class were accustomed to. Nor does he seem to have been allowed by the gang who had the mastery of him to have funds placed to his credit in a distant bank. The men who were his masters could easily have made him rich, but that was far from their thoughts. To enrich themselves at his expense, and build up their fortunes on his ruin, was the one object they steadily kept in view. He was their slave, and as a slave, they treated him.

One of the parties to the fraud was never discovered. Some evidence was given at the trial, leading to the supposition of his having taken passage in a steamer from France to England, and as he never landed it was surmised that he ended his career by suicide. If so, Justice was balked of her prey, for crimes such as these men committed could hardly be deemed sufficiently punished even by penal servitude for life.

In neither of the foregoing cases did the frauds result in any benefit to the bank officer who committed them. A case is now to be related in which gain was the object and in which measures were so cunningly contrived that success for a short time was attained.

In a certain bank office, in one of the smaller towns of Canada, a manager many years ago was performing his duties, on the whole, in such a manner as to give satisfaction. He made mistakes, at times, as other men do, in like positions and was sometimes reprimanded by his superior officers on account thereof. But he stood well on the whole, and would doubtless, in time, have been promoted to a higher position.

The ordinary course of the business of his office was quiet and uneventful; but on a certain day, in the midst of a winter season, a rather singular event occured. As is the case in all bank offices, the keys of the safe and its inner compartments are divided between the manager and one or two other officers, the presence of all being necessary before the safe and its compartments can be opened. On the day referred to, the manager told the accountant that it would be needful for him and the "teller" to come to the bank rather late in the evening, as a person with whom he had had some correspondence had business to transact and would arrive by a late train and must leave by an early train in the morning. This man, as the event proved, was a confederate in a contemplated scheme to defraud the bank. Yet he was a well-known merchant in a certain line of business of which there was a good deal in the neighborhood.

Under the pretence of a large transaction with this man, in which the officers said there appeared to be some haggling about the rate of exchange, the manager had the safe opened, and a considerable sum of money paid over to him. The confederate left the town the next morning. The manager, leaving the accountant, as customary, in temporary charge of the branch, went to Toronto the next evening, stating that he was going to look after a past due bill and would return the following day. He did not return, however, but remitted the amount of the bill; immediately after which a telegraphic message from a distant city revealed that the pretended business transaction was a fraud. On receipt of this, the first thought of the accountant was, that the manager had been victimized; for that he, the manager himself, could be a party to the fraud was almost unthinkable. However, the authorities of the bank, who had been communicated with, soon became convinced that a collusive fraud had been perpetrated, and that the whole proceedings had been part of a prearranged plot to deceive the bank. The appearance of the stranger at the time, the haggling about commissions, the journey of the manager after a delinquent debtor, and his remitting the amount of the past-due bill the following day, all were seen to be cunning contrivances by which suspicion was lulled sufficiently long to enable the manager and his confederate to place themselves as far beyond discovery as possible. The most energetic measures were taken immediately. The most skillful of the many law officers connected with the bank were set to work. Pinkerton's Detective Agency was employed, and hundreds of telegraphic messages were sent to all parts of the United States; for thither, of course, the fugitives would be sure to proceed. The first trace of the delinquents appeared in the shape of a parcel of the notes of the bank sent for redemption from a city in the State of New York to a western branch of the bank. These, on examination, were found to be a portion of the stolen money. This was the first clue, and with the assistance of the detectives, lawyers, and officers of the bank, it was so well followed up that the fugitives were both discovered in their remote hiding-places and the larger part of the spoil recovered.

The story of their pursuit is a singular one. The first person to be communicated with was the private banker in New York State who had forwarded the notes. In answer to enquiries, he said that two men had come into his office some days before, and deposited a large amount of money in Canadian bank bills, stating that they were in the cattle trade and had come over to buy cattle in the state of New York; a likely enough story. Then, that they had drawn out the money the day after in American bills, to make payments, as they said, for the cattle they had bought. The two men were evidently the bank manager and his confederate. Detectives followed up the clue and ascertained that the two men had proceeded to the station of the New York Central Railroad, where one had bought a ticket for New York and the other for Chicago. The manager had gone to New York, as was supposed he would, and strange as it may appear, he spent a day or two quietly visiting his sister at the very time detectives were scouring the city in search of him. But the search being continued, the detectives found traces of a man resembling the manager as having left New York en route for the South. One of the higher officers of the bank, who was well acquainted with the manager and his handwriting, was instantly despatched to accompany a detective in pursuit. The first certain trace was found in a southern hotel, on examining the register of which a name was found to have been entered two days before in the manager's handwriting; under another name, of course. They were now on the track of the fugitive. Travelling swiftly they followed up traces from city to city, by means of his handwriting. Passing on from South Carolina, they traversed the states of Georgia, Florida, Alabama, Louisiana, Mississippi, Texas and Arkansas. All the traces were followed up with the keenness of a sleuth-hound, but the fugitive was always a day ahead of his pursuers. He did not know exactly what was being done, but he was very sure that he was being closely pursued. This conviction led him to betake himself, at last, to the most remote and least frequented parts of the immense regions he was traversing. The same cunning he had manifested in devising the plot enabled him, after a day or two of flight, to devise measures by which his pursuers would be completely baffled. And baffled, at length, they were. When they reached the farthest portions of Arkansas and were on the border of the Indian Territory, they lost the clue completely, to their great vexation. The fugitive had evidently escaped for the time. The pursuers returned and the bank resigned itself to the possibility of a considerable loss.

This, however, was not to be. A few months transpired and nothing was heard of the missing man, until one day the solicitor of the bank in New York received a letter from him dated from an obscure little town, in one of the far Western states, stating that he still had nearly half the stolen money in his possession, that he felt himself to be like a hunted hare that would certainly be run down some day, that life had become perfectly intolerable to him; that he could neither rest by day, nor sleep by night; and finally, offering to make all the restitution in his power. The bank left the matter in the hands of their solicitor in New York, and the greater part of the money in the fugitive's possession was recovered. It was evident, at the time the restoration of the money was brought about, that the man was utterly broken both in body and mind; and he died a short time afterwards.

Meanwhile, energetic steps had been taken to follow the clue afforded by the ticket to Chicago to track the confederate. He had come to Chicago, that was proved. But whither he had gone was the difficult thing to trace, as there were dozens of directions, each leading to far distant places, in which he might have sought shelter. But the fact of his having been in the lumber trade led the Pinkertons to suspect that he might possibly have betaken himself to the distant forest regions bordering on Lake Superior, where lumbering operations were then being carried on. It was winter and there would be numbers of lumbering camps in the woods. In some of these camps tidings might possibly be heard of him. Pursuing this idea, detectives were sent in search. The localities were very remote, the area covered by the camps was hundreds of square miles in extent, and covered by dense forest. The chance seemed very remote; but detectives seem almost able to work miracles in the way of investigation, and at length, in one of these camps, in a very remote region, they heard that a stranger had lately made his appearance, apparently a Canadian and a lumberer, who had come professedly to look after timber lands. The detectives were now convinced that their man was in sight. Soon afterwards they found him and telegraphed to the lawyer of the bank who had the matter in charge. He came up and found that the confederate had the larger part of the stolen money upon him, and so managed matters that most of it was given up.

Further Instances of Fraud and Forgery.

Although the instances of defalcations and forgery are repeated one after another in these chapters, it is not intended to convey the impression that such crimes against commercial honor are common events. This is so far from being the case that of the millions of money that pass through the hands of bank officers in the course of their business, not one in a million probably is abstracted or improperly dealt with. Of the millions of dollars of commerce bills drawn during any given year, it is safe to say that one in a million is forged. A striking instance of the absence of defalcation and the prevalance of commercial honor during a long course of years is furnished in the history of the Bank of New York. This bank has put on record that during the first forty years of its existence no bonds of suretyship were taken from its officers. and that during the whole of that period *not a single defalcation occurred.* Times and circumstances have changed materially since the period referred to, and all banks and corporations now find it prudent to take such bonds. Yet, even now, frauds and forgeries are rare events. But when they do occur they are not seldom of so striking a character as to furnish object lessons to banks and every description of corporations.

At a certain period in the history of the New England States, few bank officers were more prominent and respected than the cashier of a certain bank in one of their principal cities. He was known all over his own state and highly esteemed as a man of honor and ability. He took a prominent part in the affairs of the city in which the bank was situated. And if, at any time, a discussion had arisen as to the possibilities of fraud in the banks of New England, his would have been the last name thought of. But one day there began to be rumored about the city, to the astonishment of the community, that there was something wrong with the account of the cashier of the bank.

At first nobody credited the rumor, unless it might be a few cynics of the class that have a "bad opinion of everybody in general." But as the days went on the rumor gathered strength and took a more definite shape. A defalcation had certainly been discovered. The amount, as is invariably the case, was exaggerated by rumor; but at length the arrest and prosecution of the cashier placed the matter beyond doubt. The event gave a shock to the banking and commercial community of the whole state, and even beyond its borders. Numbers of people felt as if the very foundations were giving away, when such a man as he was supposed to be could be guilty of crime. If such men as he could not be trusted, who was worthy of confidence? Many hoped that after all he might be able to clear himself. The hope, however, proved fallacious. The arrest was followed by trial; the evidence could not be controverted, and he was found guilty by the jury, regretfully enough. A long course of honorable dealing could only be pleaded in mitigation of sentence. This was doubtless taken into consideration by the judge, but the sentence imposed was severe, namely, imprisonment for ten years in the state penitentiary.

When the cause of this sad downfall was inquired into, it was found that stock speculating had been carried on by the cashier for some time back, and that the funds of the bank had been used for the purpose. These speculations were sometimes very profitable; at other times not. But at length a period of steady losses set in; calls for margins could not be responded to, and the defalcations could no longer be covered up. Then came the inevitable discovery.

But there was something behind the stock speculation. The prominence of this cashier, in the community and the state, had gradually led him into a style of living that was far beyond his income. It was doubtless for the purpose of adding to his income, so as to enable him to keep up this style, that stock speculation was first resorted to. That step once taken, the path diverged further and further from safety and honor, and ended in the catastrophe that has been narrated. In this case the directors of the bank can hardly be absolved from blame. The style in which the cashier lived was perfectly apparent. The very house he lived in gave evidence of it, and they could not fail to know that such a style could not be supported by the salary he was receiving. It was, doubtless, their duty to interfere, before wrong-doing had been developed. Had they done so, they would have saved the bank from loss and their cashier from ruin and disgrace.

The Danger From Forgery.

Of all the dangers that arise in the conduct of bank business, forgery is perhaps the most difficult to guard against. The danger especially arises from the fact that it is often committed by persons of good standing, who by a course of honorable dealing have established themselves in the confidence of the community. There are, in every large commercial centre men in business whose reputation is so bad that they could not pass a forged bill if they tried. It is the men of good reputation and antecedents who astonish the world at times by falling into the pit of dishonor, and offering forged bills and documents to a bank. Of this a few instances will be given.

At a certain period, in the history of one of the great staple trades of the Continent, no firm stood higher than that of ——— & Co. The head of the house belonged to one of the best families in the country, and the name itself was a synonym for all that was honorable and respectable. They carried on business in more than one centre of trade, and were known as amongst the largest exporters of the commodity they dealt in. They were bona-fide merchants, who actually handled the goods they exported; not mere schemers, who lived by speculation and engineered "corners" in the trade. This firm, like other firms, had its good and bad years. But if any one had made a guess as to the possibility of any house on 'Change doing anything dishonorable, this firm would have been ruled out of the supposition at once.

One day, in the midst of a busy season, the head of this house presented shipping documents to a bank with whom they dealt; that is, bills of lading and policies of insurance, for a large amount of merchandise to be shipped. An advance was made upon them with the usual margin. A day or two afterwards the city was startled by the news that this firm had stopped payment. The news did not particularly disturb the bank, for their advance was apparently well covered by securities. The only irregular feature was that the bills of exchange, which should naturally have been drawn against the merchandise shipped, had not been brought in as customary. The bank had bills of lading however. This would keep them safe. The idea of the bills of lading brought in by such a firm being forged was inconceivable. But this proved to be the case. The whole of the documents were forgeries, bills of lading and policies of insurance together, skillfully contrived by the head of the firm, in order to present a perfectly genuine appearance. He was the guilty party, and was arrested at once. Trial, of course, followed. The facts were indisputable, and the only plea put in was insanity—a plea that might well carry some weight in such extraordinary circumstances. For, though such a firm might possibly *fail*, the failure would not have been an extraordinary matter in that trade, in a time of falling markets. And such a failure would carry no stain of personal dishonor compared with that which would arise from the commission of a crime. It might well be called an act of moral insanity for a man to perpetrate such a deed on the eve of insolvency; for its effect was merely that some one or more of his creditors would be paid in full, while another creditor would be created to an equal amount. It was not moral insanity, however, that was pleaded; but actual insanity: such insanity as would make the party irresponsible for his actions, and justify his incarceration in a lunatic asylum. The plea carried weight to this extent, that the judge who tried the case ordered that the prisoner be committed to the state lunatic asylum, for the purpose of testing whether he were insane or not.

Meanwhile the affairs of the firm were placed in the hands of an assignee, and the usual course in such cases was followed. Scarcely enough, however, was realized to pay the costs of liquidation, and the bank concerned lost the whole amount of its advance. The head of the firm remained in the asylum for a time, and was then relegated to the custody of the officers of the law, no definite decision having been reached. Strong influences were brought to bear, and the court finally allowed the prisoner his liberty, under an engagement of reappearance. As time went on, the case and its circumstances and all concerned in it were forgotten, in the rush of new events. The affair sank into oblivion, and has so remained to this day so far as the public are concerned. The directors and officers of the bank, however, are not very likely to forget it. The case is one of the most singular developments of human nature, and human folly, that ever arose in banking annals.

The only comment that can be made upon the action of the bank in the case is that they should have noticed that the application was for a *loan* on bills of lading, instead of for the negotiation of a bill or bills of exchange, with the bills of lading attached. Enquiry might have been made why the usual course was not followed. Any departure from the ordinary course of things may naturally, at any time, give rise to enquiry. In fact, it should always do so, as such a departure is, at times, an indication of a more grave irregularity than a mere matter of form. In this case it is, at least, possible that enquiry might have revealed something that would have put the banker on his guard. Some hesitation in manner might have been apparent, some awkwardness in explaining the reason why bills were not offered, some contradiction in statement, that might have led to a request for time to consider the matter, which consideration might have led to further enquiry, which would have exposed the contemplated fraud. And though it is easy to be "wise after the event," there can be no doubt that a considerable part of the most valuable experience that a banker possesses is a record or recollection of just such occurrences as are noticed in these chapters.

Of a very different description is the case now about to be presented.

In a certain district of the northern part of this continent, few men had a higher reputation some years ago than the treasurer of certain country municipalities, who united to put their financial affairs into his keeping. His account was with one of the banks of the district, and for some time had been carried on satisfactorily. These municipalities were in the habit of borrowing sums in anticipation of taxes to be collected, which loans were upon certified resolutions of the municipalities. But one day a rumor spread abroad that this gentleman had disappeared; then, following upon this that he had large amounts of the funds of the municipalities in his possession. Enquiry, of course, followed. It was then discovered that some of the documents on which the treasurer had obtained money were forgeries, the result, of course, being that the municipalities were not responsible. Detectives were set to work, and the manager of the bank was authorized to follow the fugitive, accompanied by a local constable who knew him. Traces were found here and there, at points further and further south, and it became evident at length that he was on his way to Mexico. He crossed the Rio Grande and then supposed he was perfectly safe, there being no extradition treaty between Mexico and Great Britain. However, the manager, who was a man of energy and determination, decided to continue the pursuit, and confront the forger, if he could find him. He followed him to the City of Mexico, obtained the aid of the British Ambassador, found the man, and at length succeeded in having him taken to Vera Cruz and put on board a British steamer bound for the West Indies. He was now in safe custody. The manager and the constable kept their prisoner in charge and had him transferred to a West Indian steamer sailing to Liverpool. From thence the parties proceeded back again across the Atlantic, landed on British ground, thence proceeding half way across the continent until they arrived at the city where the fraud had been committed. Thus, after a journey of nearly twenty-thousand miles, the criminal was brought back, much to the astonishment of the community where he had lived, and especially of the people of the country municipalities, whose names he had fraudulently used. He was tried, convicted and sentenced to a long term of imprisonment in the penitentiary. The energetic action of the bank in following this man over such enormous distances produced such an impression upon that community that though some fifteen years have elapsed since those occurrences, no serious case of forgery has since transpired in the city.

In this case, it does not seem that any want of care could be imputed to the bank, in their dealings with this man. But as it is not the only instance, either in Canada or the United States, where treasurers of municipalities, and even of churches and missionary societies, have committed fraud in their dealings with banks, it does seem desirable, and necessary, for bankers to take special care in regard to such accounts, and to insist upon such checks, by continuous audit, or otherwise, as would put efficient obstacles in the way of wrong-doing, on the part of treasurers.

The next case cited is of a totally different character from any of the preceding.

One of the most remarkable cases of forgery that have transpired within the last quarter of a century was that of a prominent merchant in a large seaport of Great Britain, where an extensive trade was carried on in the raw material of the manufacturers of the district. He was a man of great energy and ability, not a native of the place, but one of that large class of foreigners who have established themselves in the centres of trade of these times. His business was that of an importer, and that on a large scale. His customers were the manufacturers of the district. They settled their accounts by acceptances or promissory notes. The "paper" was of that class which bankers always consider with high favor; and very naturally, being founded, when genuine, upon bona-fide transactions, and both names to every bill being generally of a high class. Suddenly, however, an event happened—for such events always happen suddenly—which was the beginning of a revelation that astonished the bank and the whole district. One of the bills was returned protested for non-payment; the bank at which it was payable having no advice, and no funds. The discounting bank naturally thought that some clerical irregularity had transpired, some letter had been misposted, some remittance gone astray, and notified the acceptors at once, expecting a check in payment by return mail. Instead of this came the alarming announcement that the drawees had never accepted such a bill at all. Recourse was instantly made to the merchant, who had, in the ordinary way, been notified of the dishonor of the bill. But his place of business was closed that morning, and he himself, had left the city. Then gradually came a full revelation of the whole extent of the wrongdoing. Bill after bill came back under protest, one house after another wrote in the same terms as the first, namely, that they had never signed such bills. It was like a succession of thunder-claps to the bank, for nearly all the bills were of large amount, running into thousands of pounds. Finally, the whole extent of the fraud was realized, the loss being serious enough to require to be charged to the surplus fund of the bank. The fund, however, was well able to sustain it, and the bank went on with its business as usual.

In this case, the general impression among bankers and merchants in the district was, that no blame could be attached to the bank; or that any imputation of *laches*, or negligence, could lie against the managers. The frauds had been carried on with extraordinary ingenuity; the forger even had printed or engraved copies made of the forms used by the drawees of bills, for correspondence, promissory notes, and acceptance of bills, when acceptance was made by a stamp. And the forger having a good reputation, established trade, and good connections both at home and abroad, there was everything in the circumstances to inspire confidence. But, as has been observed, it is generally only in circumstances like this that forgeries of any extent can be carried out at all.

There is this, however, finally, to be said, that in most cases of fraud and forgery, there arise little circumstances, which if noticed at the time, might be followed up, and lead to increased watchfulness as to other circumstances, which course in some cases would lead to a discovery in the early stages of wrong-doing, and prevent loss later on. For in all cases of fraud the tendency is to grow worse and worse, the amount becoming larger and larger until discovery puts a stop to the whole affair.

The sum of the whole matter is this, as respects employes: whenever a bank officer or confidential employe of a mercantile house is known, or suspected with good cause, to be living beyond his means, or to be gambling, or indulging in betting, or keeping company with gambling or betting men, or speculating in stocks—the sooner the matter is taken in hand the better. For delays in such matters are always dangerous.

G. H.,

Former General Manager Merchants' Bank of Canada.

(To be continued.)

TRUST COMPANIES

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

THE TITLE INSURANCE DEPARTMENT.

BY W. E. CRITTENDEN,

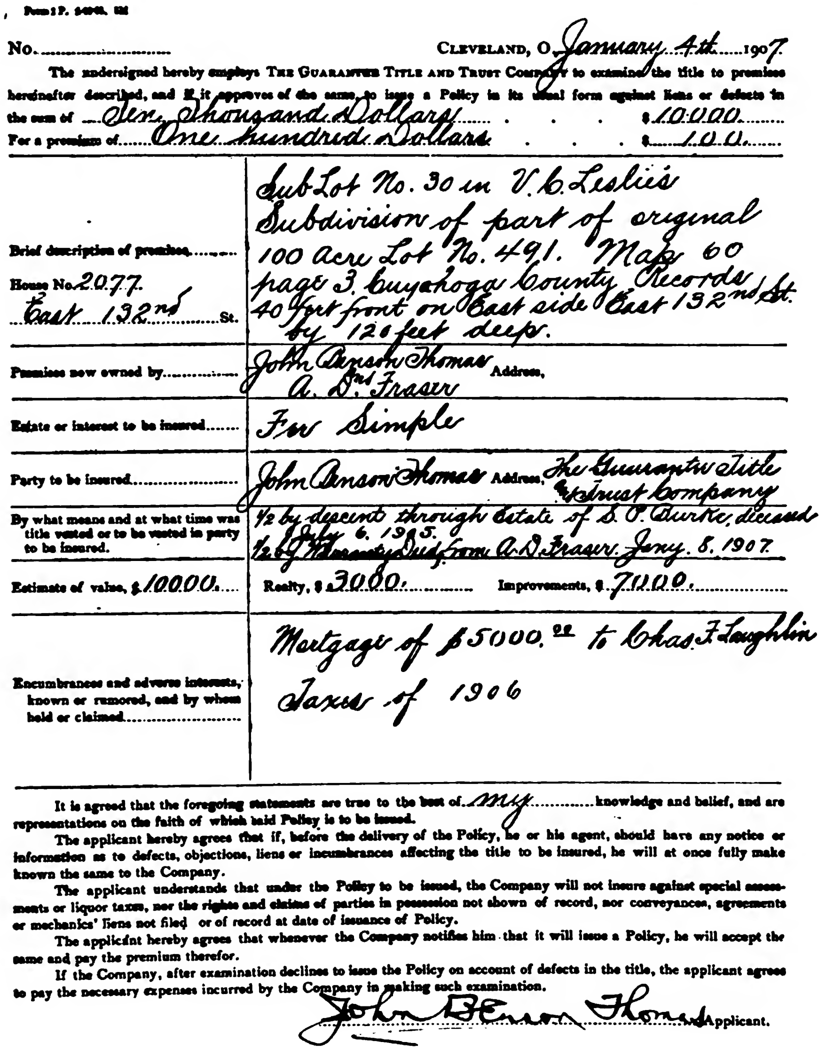
SECRETARY GUARANTEE TITLE AND TRUST COMPANY, CLEVELAND, OHIO.

LAWS have been enacted in many of the states throughout the country during the past twenty-five years providing that companies may be incorporated for the purpose of guaranteeing or insuring the title to real property and to conduct a mortgage loan and trust company business; the latter, however, being consistent with the powers granted them as such title guarantee or insurance companies. Among the powers of such a company is the right and authority to prepare and furnish bonds, mortgages and other securities and to guarantee the validity and due execution of the same as well as the performance of contracts incident thereto; to make loans for itself or as agent or trustee for others and to guarantee the collection of interest and principal of such loans; to take charge of, sell, mortgage, rent or otherwise dispose of real estate for others, and to perform all the duties of an agent, or trustee, relative to property conveyed or otherwise entrusted to it. Such title guarantee and trust companies have been organized and are doing business in most of our large cities. These companies preliminary to commencing work usually acquire the books or records of local abstract firms, or corporations, as a basis for their future guarantee plants. During the past decade the growth of these companies has been very rapid by reason of their extensive operations resulting from their combined powers. Experience has proven that in the consolidation of the guarantee and trust features better results have been obtained for each; this is very well illustrated in the case of a mortgage loan made by the company; after the loan has been approved and accepted the title to the property to be secured by the mortgage is guaranteed by the company after which, if desired, the mortgage can be placed upon the market and be handled to better advantage than one not so guaranteed.

In order to fully understand how such companies transact their business in the exercise of their powers enabling them to issue their different forms of policies of title insurance it is necessary to go into detail and explain their procedure.

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

To begin with the title insurance company owns its abstract plant, built on the most modern and approved plan, consisting of a complete history of the title to all of the real estate in the territory where it does business, including not only a transcript of the deed, mortgage, probate



Form 2 P. 5-4-06. 5M

No. .... CLEVELAND, O. January 4th 1907

The undersigned hereby employs THE GUARANTEE TITLE AND TRUST COMPANY to examine the title to premises hereinafter described, and if it approves of the same, to issue a Policy in its usual form against liens or defects in the sum of Ten Thousand Dollars . . . $10000.
For a premium of One hundred Dollars . . . $100.

Brief description of premises. House No. 2077. East 132nd St.	Sub Lot No. 30 in V. C. Leslie's Subdivision of part of original 100 acre Lot No. 491. Map 60 page 3. Cuyahoga County Records. 40 feet front on East side East 132nd St. by 120 feet deep.
Premises now owned by	John Anson Thomas, A. D. Fraser. Address,
Estate or interest to be insured	Fee Simple
Party to be insured	John Anson Thomas Address, The Guarantee Title & Trust Company
By what means and at what time was title vested or to be vested in party to be insured.	1/2 by descent through estate of S. O. Burke, deceased July 6, 1905. 1/2 by Warranty Deed from A. D. Fraser, Jany. 8, 1907.
Estimate of value, $10000.	Realty, $3000. Improvements, $7000.
Encumbrances and adverse interests, known or rumored, and by whom held or claimed	Mortgage of $5000.00 to Chas. F. Laughlin. Taxes of 1906

It is agreed that the foregoing statements are true to the best of my knowledge and belief, and are representations on the faith of which said Policy is to be issued.

The applicant hereby agrees that if, before the delivery of the Policy, he or his agent, should have any notice or information as to defects, objections, liens or incumbrances affecting the title to be insured, he will at once fully make known the same to the Company.

The applicant understands that under the Policy to be issued, the Company will not insure against special assessments or liquor taxes, nor the rights and claims of parties in possession not shown of record, nor conveyances, agreements or mechanics' liens not filed or of record at date of issuance of Policy.

The applicant hereby agrees that whenever the Company notifies him that it will issue a Policy, he will accept the same and pay the premium therefor.

If the Company, after examination declines to issue the Policy on account of defects in the title, the applicant agrees to pay the necessary expenses incurred by the Company in making such examination.

John Anson Thomas, Applicant.

FIG. 276.—APPLICATION FOR GUARANTEE OF TITLE.

and tax records, but of all other matters of record which may affect the title, such as judgments, decrees, executions, levies and pending suits in any court of record, whether federal, state, county or municipal, including also plats and maps showing partitions, subdivisions, street and alley openings and vacations, etc. The necessity for this is obvious for in guaranteeing titles the company must be absolutely certain that the abstract work is accurate and beyond question, and this can only be accomplished by using a plant over which it has full and complete control and supervision.

THE

Guarantee Title and Trust Company,

CLEVELAND, OHIO.

No. 19551. **Policy of Title Insurance.**

THE GUARANTEE TITLE AND TRUST COMPANY, by this policy of insurance, in consideration of the sum of —— One Hundred 00/100 Dollars ($100.00) ——

[redacted] to it paid, insures —— John Benson Thomas, his ——

executors, administrators, heirs and devisees, and all other persons to whom this Policy may be transferred with the assent of this Company, testified by the signature of its proper officer endorsed on this policy, against all loss or damage not exceeding Ten Thousand 00/100 Dollars —— ($10000.00) ——

[redacted], which the insured shall sustain by reason of defects, or unmarketability of the title of the insured to the estate, mortgage, or interest described in Schedule A, hereto annexed, or because of liens or incumbrances charging the same at the date hereof, excepting only such liens, incumbrances and other matters as are set forth in Schedule B, or excepted by the conditions of this policy hereto annexed, and hereby incorporated into this contract, the loss and the amount to be ascertained in the manner provided in said conditions, and to be payable upon compliance by the insured with the stipulations of said conditions and not otherwise.

This Policy is issued upon application by or on behalf of the insured, numbered 19551, and agreed by all parties claiming hereunder to be a warranty of the facts therein stated.

In Witness Whereof, THE GUARANTEE TITLE AND TRUST COMPANY hath caused its corporate seal to be hereto affixed and these presents to be signed by its President and attested by its Secretary, this — Eighth —— day of —— January —— in the year of our Lord one thousand nine hundred and seven, at 3:40 P. M. ——

President.

Attest:

Secretary.

FIG. 277.—TITLE INSURANCE POLICY (first page.)

In applying for title insurance it is not only customary but the rule to require applicants to fill out printed applications for the same, wherein are to be found a number of questions relative to the proposed insurance and which are agreed upon to be a warranty of the facts therein contained. Figure 276 shows a form of such application.

It will be observed that the application shown as Figure 276 is intended for an owner's policy; the form for an application for a mortgage, Policy No. 19551.

SCHEDULE A.

1. The estate or interest of the insured in the premises described below, covered by this policy.

Fee Simple.

2. The deed or other means by which the estate or interest covered by this policy is vested in the insured.

An undivided one-half interest in premises described below by Descent through the Estate of S. P. Burke, deceased. Estate administered upon in Cuyahoga County Probate Court, Docket 101, No. 16378. An undivided one-half interest in premises described below by Warranty Deed from A. D. Fraser and Mary A. Fraser, his wife, to John Benson Thomas, dated January 8, 1907, filed for record January 8, 1907, at 3:40 P. M., and being File No. 550,731.

3. The premises in which the insured has the estate or interest covered by this policy.

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio, and known as being SubLot No. 30 in V. C. Leslie's Subdivision of part of original One Hundred Acre Lot No. 491, as shown by the recorded plat in Volume 60 of Maps, Page 3 of Cuyahoga County Records, and being 40 feet front on the Easterly side of E. 132nd Street and extending back of equal width 120 feet deep, as appears by said plat.

Cancelled

FIG. 278.—TITLE INSURANCE POLICY (Continued).

leasehold or any special policy is the same, but the answers to all of the questions relating thereto must be consistent with the estate or interest to be insured.

After the application has been received and accepted by the company an abstract of the title to the property sought to be guaranteed is prepared and submitted to the title officer of the company. If, in his opinion, the title is insurable, he directs the issuance of the policy in accordance with the forms shown as Figures 277, 278, 279 and 280. If the owner of the estate to be guaranteed is a corporation, co-partnership or association, the policy would run to it, its successors and assigns, instead of to a person, his or her executors, administrators, heirs and devisees, as shown in Figure 277.

Figure 278 shows an absolute or fee simple estate guaranteed. This form is commonly known as an owner's policy and is used as such, and the company's liability thereunder is forever, or until the policy is surrendered and cancelled, in accordance with its conditions.

Cancelled

Policy No. 19551.

SCHEDULE B.

This policy does not insure against such estates, interests, defects, objections to title, liens, charges, and incumbrances affecting said premises, or the estate or interest insured, as are set forth below in this schedule.

1: Mortgage from A. D. Fraser and Mary A. Fraser, his wife, and John Benson Thomas, single, to Charles F. Laughlin, for $5000.00, dated November 8, 1906, filed for record November 9, 1906, at 10:35 A. M., and recorded in Volume 2060, Page 31 of Cuyahoga County Records.

2: The Taxes of 1906: The Treasurer's General Tax Duplicate shows $84.34 due.
Special Taxes and Assessments of any kind, if any.

FIG. 279.—TITLE INSURANCE POLICY (Continued).

In other forms of Schedule "A" (Figure 278) where the estate or interest insured is for life, term of years or mortgage, Item 1 of the schedule would show the nature of the estate insured and Item 2 would disclose the source by which that estate was vested in the insured.

The company's liability under these latter forms of policies ceases upon the death of the life tenant, termination of the leasehold or discharge of the mortgage, respectively.

Other interests or estates, such as rights of way, party walls, restrictions and the like are insurable and the form shown as Figure 278 can be used and fitted to meet these special requirements.

Figure 279 shows Schedule "B" of the policy. Under this schedule all the defects, liens, incumbrances and objections against which the company does not guarantee or assume any liability are briefly enumerated; however, if the insured desires the objections to be spread in detail upon the schedule it can be done by the company, otherwise resort to the records, for particulars, will have to be made.

The conditions under which the policy is issued are as follows:

Policy No. 19551.

Conditions of This Policy.

1. THE GUARANTEE TITLE AND TRUST COMPANY will, at its own cost, defend the insured in all actions or proceedings founded on a claim of title or incumbrance prior in date to this Policy and not excepted therein.

2. No claim shall arise under this Policy, except under section 1 of these conditions and except also in the following cases:

(I) Where there has been a final determination in a court of competent jurisdiction, under which the insured may be dispossessed or evicted from the premises covered by this Policy, or from some part or undivided share or interest therein.

(II) Where there has been a final determination, adverse to the title, as insured, in such a court, upon a lien or incumbrance not excepted in this Policy.

(III) Where, in cases of guarantee of the interest of a mortgagee the mortgage has been finally adjudged, by such a court, to be invalid, or ineffectual to charge the premises described in this Policy, or a lien inferior to that designated in this Policy.

(IV) Where the insured shall have transferred the title insured by an instrument containing covenants of title or warranty, and there has been a final judgment rendered in such a court against the insured, his heirs, executors, administrators, or successors on any such covenants or warranty and because of some defect of title or incumbrance not excepted in this Policy.

(V) Where the insured shall have contracted in good faith in writing to sell the insured estate or interest, and the title has been rejected because of some defect or incumbrance not excepted in this Policy, and notice in writing of such rejection shall have been given to this Company within ten days thereafter. For thirty days after receiving such notice, this Company shall have the option of paying the loss, of which the insured must present proper proof, or of maintaining or defending either in its own name or at its option in the name of the insured, some proper action or proceeding, begun or to be begun in a court of competent jurisdiction, for the purpose of determining the validity of the objection alleged by the vendee to the title, and only in case a final determination is made in such action or proceeding, sustaining the objection to the title, shall this Company be liable on this Policy.

(VI) Where a purchaser at a sale under the judgment or order of a court of competent jurisdiction has been relieved by the court from a purchase of the insured estate or interest by reason of the existence of some lien, incumbrance or some defect of title not excepted in this Policy.

(VII) Where the insured shall have negotiated a loan on the security of a mortgage on an estate or interest in land insured by this Policy, and the title shall have been rejected by the proposed lender, this Company, if there is no dispute as to the facts, will consent to the submission of the question of the validity of the title, as insured, to the Common Pleas Court for the County in which is situated the property affected by this Policy, and upon the judgment of such court shall then depend the liability of this Company.

3. In case any action or proceeding described in Section 1 of these conditions, is commenced, or in case of the service of any paper or pleading, the object or effect of which shall or may be to impugn, attack or call in question, the validity of the title hereby insured, as insured, or to raise any material question relating to a claim of incumbrance hereby insured against, or to cause any loss or damage for which this Company shall or may be liable under or by virtue of any of the terms of this Policy, or in case any action or proceeding is begun that may have such object or effect, it shall be the duty of the insured to at once notify the Company thereof in writing and secure to it the right to maintain or defend such action or proceeding, and to give all reasonable assistance therein, and permit it to use, at its option, the names of the insured. If such notice shall not be given to the Company within ten days after the service of summons or other process in such action or proceeding, then all liability of this Company in regard to the subject matter of such action or proceeding shall cease. Provided, however, that an assignee for value of the Policy, with the consent of this Company thereon endorsed, shall not be affected by such failure to notify, if such assignee through ignorance of the beginning of any such action or proceeding shall have been unable to give or cause to be given the notice required by these conditions. This Company will pay, in addition to the amount of the loss, all costs imposed on the insured in litigation carried on by it for such party under the requirements of this Policy, but it will in no case be liable for the fees or other charges of any counsel or attorney employed by the insured,

and the costs and the loss paid shall not together exceed the amount of this Policy.

4. Whenever the Company shall have settled a claim under this Policy, it shall be entitled to all the rights and remedies which the insured would have had against any other person or property in respect to such claim, had this Policy not been made, and the insured will transfer or will cause to be transferred to the Company such rights, and to permit it to use the name of the insured for the recovery or defense thereof. If the payment does not cover the loss of the insured, the Company shall be subrogated to such proportion of said rights as the amount paid bears to the amount of loss not thereby covered. The insured warrants that such rights of subrogation shall vest in the Company unaffected by any act of the insured.

5. Nothing contained in this Policy shall be construed as a guarantee against defects or incumbrances arising after the date hereof, or created or suffered by the party guaranteed; nor will this Company be liable in any event for loss or damage by reason of liquor taxes; nor by reason of taxes or special assessments which have not been entered upon the County Auditor's Duplicate; nor conveyances, agreements or mechanic's liens, not filed or of record at the date hereof; nor the rights or claims of parties in possession not shown of record.

6. In every case where the liability of this Company has been definitely fixed in accordance with these conditions, the loss or damage shall be payable within thirty days thereafter. Provided, however, that in every case this Company may demand a valuation of the estate or interest insured, to be made by three arbitrators or any two of them, one to be chosen by the insured, and one by this Company, and the two thus chosen selecting the third; whereupon no right of action shall accrue until thirty days after notice of such valuation shall have been served upon this Company, and the insured shall have tendered a conveyance or transfer of the estate or interest insured to a purchaser to be named by this Company, at such valuation, less the amount of any incumbrance on said estate or interest not hereby insured against, and this Company shall have failed within that time, during which said tender shall be kept good, to find a purchaser for the estate or interest upon such terms. And provided, also, that this Company shall always have the right to appeal from any adverse determination; but no appeal shall operate to delay the payment of the loss, if the insured shall give to this Company satisfactory security for the repayment to it of the amount of such loss in case there shall be ultimately a determination in favor of the Company. In every case this Company shall have the option of settling the claim or paying this Policy in full; and the payment or tender of payment to the full amount of this Policy shall determine all liability of the Company under it.

7. Any untrue statement made by the insured or his agent affecting the subject matter of this Policy, or any suppression of any material fact, or any untrue answer by the insured or his agent to material inquiries, before the issuing of the Policy, shall avoid the Policy; but an assignee for value to whom the Policy has been transferred with the consent of the Company endorsed thereon, shall not be affected by any such untrue statements or answers, or by such suppressions or breach of warranty in the application, of which he was ignorant at the time the assent to the transfer to him was endorsed by the Company.

8. All payments under this Policy shall reduce the amount guaranteed pro tanto, and no payment can be demanded without producing the Policy for endorsement of such payment. If the Policy be lost or destroyed, indemnity must be furnished to the satisfaction of the Company.

Sometimes the applicant for insurance requests the company to issue the policy in the name of his grantee of record, instead of having the policy issued in his own name, which request is usually granted and also if the request be made by such grantee that the company eliminate from the form shown as Figure 277 the words "This policy is issued upon application by or on behalf of the insured numbered —— and agreed by all parties claiming hereunder to be a warranty of the facts therein stated," as well as paragraph 7 of the conditions of the policy above shown, such request can be granted.

In the form shown as Figure 277 provision is made to insure the assignee provided the policy is transferred with the consent of the company, which consent must be testified to by the signature of the proper officers endorsed on the policy. The forms of the assignment of the policy are shown as Figure 280.

In assenting to such assignments no liability is assumed for defects, liens or incumbrances created subsequent to the date of the policy.

It very frequently happens that the owners of policies, other than that of a mortgage policy, desire that the original policy be extended to cover a subsequent date. This can be done by either of two methods:

First—By attaching the form shown as Figure 281 to the original policy, if there has been no change in the ownership of the title, and

This Policy Necessarily Relates Solely to the Title Prior to and Including its Date.

Assignments of this Policy must be with the assent of the Company endorsed hereon, and to protect subsequent purchasers against intermediate claims or losses, must be continued to date.

In assenting to assignments no liability is assumed by the Company for defects or incumbrances created subsequent to the date of this Policy.

ASSIGNMENTS OF POLICY.

Cleveland, Ohio, April 16, 1907, For Value Received I hereby assign all interest in this Policy to: Eva M. Hubbard.

Assented to April 16, 1907 subject to foregoing conditions.

THE GUARANTEE TITLE AND TRUST CO.

By Secretary.

Cancelled

Cleveland, 19 For Value Received hereby assign all interest in this Policy to

Assented to 19 subject to foregoing conditions.

THE GUARANTEE TITLE AND TRUST CO.

By

Cleveland, Ohio, January 8, 1907.
Loss, if any, payable to Charles F. Laughlin, Mortgagee, as his interest may appear.

THE GUARANTEE TITLE AND TRUST CO.

By Secretary.

Cleveland, 19
Loss, if any, payable to ..., Mortgagee, as ... interest may appear.

THE GUARANTEE TITLE AND TRUST CO.

By

FIG. 280.—TITLE INSURANCE POLICY (Continued.)

Second—If there has been a change in the title, to cancel and surrender the original policy and substitute, in lieu thereof, a new policy in the name of the new owner with all the attending objections as would necessarily be shown in Schedule "B" the form of which is shown as Figure 279, provided, however, that in neither of these cases nothing has been done to avoid the original policy.

THE

Guarantee Title and Trust Company,

OF OHIO.

EXTENSION OF

No. 28615.

Policy of Title Insurance.

THE GUARANTEE TITLE AND TRUST COMPANY, by this Extension Policy of Title Insurance, in consideration of the sum of — Five 00/100 — Dollars ($ 5.00) extends its obligations under Policy of Title Insurance No. 19581, to which this is attached, according to all the terms, exceptions, stipulations and conditions of said policy, but not as against the additional matters set forth below.

1: Judgment for $100.00 damages and $10.13 costs, with interest, against J. B. Thomas, rendered January Term 1907, in case of W. J. Bower against J. B. Thomas and others, No. 130,625, Execution Docket 150, Page 71 in Cuyahoga County Court of Common Pleas.

2: The Taxes of 1907.
Special Taxes and Assessments of any kind, if any.

In Witness Whereof, THE GUARANTEE TITLE AND TRUST COMPANY hath caused its corporate seal to be hereto affixed and these presents to be signed by its President and attested by its Assistant Secretary, this Seventh — day of — March — in the year of our Lord one thousand nine hundred and seven, at 4:01 P. M.

Amos B. McNairy
President.

Attest: [illegible]
Ass't Secretary

FIG. 281.—EXTENSION OF POLICY.

A mortgage policy can not be extended for the reason that the guarantee or liability thereunder is limited, the company guaranteeing the mortgage to be a first lien on the premises secured by the mortgage at the date of record, except what might be spread upon Schedule "B" shown as Figure 279.

It may be well to note that in the event of loss, destruction or mutilation of a policy, the company will, upon satisfactory proof thereof, issue a duplicate of the original policy provided the insured will waive or release all his or their right, title and claim in, to and under the original policy. For form of such release see Figure 282.

Carbon copies of all policies, and their assignments, issued and assented to by the company are preserved, and a record of all such policies and assignments is kept in a book especially made and provided for that purpose, termed a "Policy Register," a copy of which is shown as Figure 283.

Figure 283 completes the list of forms used in the issuance of policies of title insurance, and the last thing now to be considered is the worth and value of title insurance as a means of security and protection to the party guaranteed under the contract with the company, which contract may be defined to be an agreement whereby the insurer, for a valuable consideration, agrees to indemnify the insured in a specified amount

Cleveland, Ohio, April Twentieth 1907.

WHEREAS, Policy of Title Insurance No. 19561 and Extension thereof No. 28615, guaranteeing the title to Sublot No. 30 in V. C. Leslie's Subdivision of part of original One Hundred Acre Lot No. 491, as shown by the recorded plat in Volume 60 of Maps, Page 3 Cuyahoga County Records, issued by THE GUARANTEE TITLE AND TRUST COMPANY, January 8th, 1907 and March 7th, 1907 respectively, have been mislaid or lost;

NOW THEREFORE, in consideration of THE GUARANTEE TITLE AND TRUST COMPANY having re-issued said Policy of Title Insurance No. 19561 and Extension thereof No. 28615, under Policy No. 30806 and delivered the same to Charles F Laughlin, we hereby waive all right, title and claim, which we or either of us may have in, to and under said Policy No. 19561 and Extension thereof No. 28615, and do hereby promise and agree to return said Policy and Extension so mislaid or lost to said THE GUARANTEE TITLE AND TRUST COMPANY for surrender and cancellation, should the same ever come into our possession.

Eva M. Hubbard

Chas. F. Laughlin

FIG. 282.—RELEASE OF CLAIM.

against loss through defects of title to real estate wherein the latter has an interest, either as owner or otherwise, and against liens and incumbrances charging the same, there being, however, no implied agreement on the company's part to go beyond the conditions of the title existing at the time the policy is issued or to assume a general liability to indemnify against future liens or incumbrances.

The form and method of such protection is governed by the law of the state where the land is located, the title to which is guaranteed.

In some localities, before a company can issue its policies, it must deposit with the proper state officials sufficient collateral to guarantee and protect the policy holders against loss which they may sustain in the non-performance of the company's contracts of title insurance with them.

The deposit required for such protection, as above, may consist of gold coin, United States bonds, state securities, stocks, first mortgage

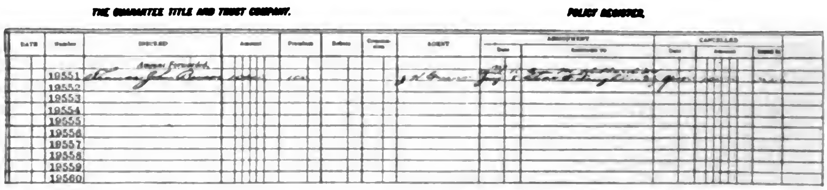


FIG. 283.—POLICY REGISTER.

loans on real estate and other approved securities, the amount and nature of which are regulated entirely by state legislation.

In addition to this, further protection is afforded by the capital stock and assets of the company.

With this kind of assurance a policy holder may feel fully protected in his investment or guarantee.

(*To be continued.*)

TRUST COMPANY LOANS.

ATTORNEY-GENERAL JACKSON of New York opposes the opinion of his predecessor, former Attorney-General Mayer, on the subject of trust company loans, in a letter addressed to the State Superintendent of Banks, who asked him whether "a loan to a firm or co-partnership of which a director or officer of a trust company was a member," would come within the application of sub-division 11 of section 156 of the State Banking Law, which provides that "no loan exceeding one-tenth of its capital stock shall be made by any such corporation (directly or indirectly) to any director or officer thereof, and such loan to such director or officer shall not be made without the consent of a majority of the directors."

"If the words 'directly or indirectly' mean anything at all," says Attorney General Jackson, "they are certainly plain and broad enough to extend the statutory restriction to a loan by a trust company to a firm or co-partnership in which a director or officer of a trust company is a member. Each partner is individually liable for all the partnership indebtedness, and this fact alone would furnish to the director or officer as strong a motive for an excessive loan of trust funds to the firm as would inspire such a loan to himself individually. In either case a trustee is placed in a position of conflict between individual interest and official duty which public policy and good morals would prohibit.

Our laws, designed to safeguard the stability of financial institutions, are frequently shown to be inadequate and, such as they are, they should be so construed as to give them the full force and effect intended.

I am aware that my opinion is in variance with that of former Attorney-General Mayer given your department upon the third day of December, 1906, wherein a distinction is sought to be made between partnerships formed in good faith and partnerships formed in bad faith and the restriction of the statute limited to a case 'where a partnership is a mere device, and the loan, while made on its face to a partnership, is really made up on the sole credit of the individual who is a director.'

The statute makes no such distinction, and the application of such a rule would be impracticable. If the loan to the co-partnership is a direct or an indirect loan to the director or officer, the question of good faith in the formation of the partnership or of the quality of the security is immaterial."

REVALUATION OF INVESTMENT SECURITIES.

THE depreciation in bonds which has continued for several years and the recent sharp declines in stocks have caused some question on the part of trust company officers as to the attitude of the New York State Banking Department in relation to the differences between book and market values of investments. It has been the practice of some trust companies to immediately meet losses through depreciation, by charging differences to undivided profits, while others have held the difference virtually as an asset.

It is understood that no new rule of action in relation to this matter is contemplated by the Banking Department; but it has been in the past, and is now, the general practice of the department where examiners' reports disclose the fact that the banks are carrying securities on their books at values above market values to ask the institution to charge off the difference, so that its surplus and undivided profits shall not contain any amounts known to be fictitious. Of course, where differences between book value and market value fixed by the examiner are slight, and are such as might be removed by ordinary market fluctuations, no attention is paid to such differences; but where a new range of valuations has been established outside the range of ordinary market fluctuations, and apparently due to causes of a more permanent character, the request above referred to is made. Does such a condition now prevail? There has apparently been established at the present time throughout the whole world some rise in the interest rate. This has resulted in heavy declines in the value of the very choicest securities. British consols are selling nearly twenty-five points below the price of a few years ago. The first mortgage three and a half per cent. bonds of our best railroads have declined ten to fifteen points. The muncipal bonds of the city of New York have depreciated to a four per cent. basis. Three per cent. bonds used to sell without difficulty, and at a small premium. These things mark changes which, if not permanent, are at least not matters of market fluctuation.

It is thus evident that an equalization of any marked differences between book and market values will now be compelled by the Banking Department.

PAYMENT OF DEPOSITS.

NEW ROCHELLE, N. Y., April 27, 1907.

Editor Bankers' Magazine:

SIR: What are the rights and privileges of trust companies in reference to paying depositors—must they pay on demand, or have they the privilege of requiring thirty days' notice, or more?

HENRY M. LESTER.

Answer.—It was held by the New York Court of Appeals, in the case of the People vs. Binghamton Trust Co. (139 N. Y. 185) that savings banks had no monopoly of what is known as the savings bank method of doing business, but that trust companies might adopt the savings bank pass-book system, such pass-books to contain rules and regulations to which the depositor assented, including a rule or regulation providing for notice of withdrawals.

While this accords to trust companies the same privileges regarding withdrawals as are enjoyed by savings banks, so far as relates to deposits made with the trust companies under the rules and regulations prescribed in a pass-book to which the depositor has assented, and while the trust companies hold large amounts of time deposits, their ordinary deposits, particularly in their banking departments, are payable on demand the same as deposits in national and state banks.

DENOMINATIONS OF THE PAPER CURRENCY.

FOLLOWING are the amounts of the respective denominations of the paper currency outstanding on April 1:

One dollar	$106,410,961
Two dollars	56,801,608
Five dollars	402,750,412
Ten dollars	544,331,937
Twenty dollars	454,724,496
Fifty dollars	71,465,990
One hundred dollars	115,724,020
Five hundred dollars	23,845,000
One thousand dollars	83,294,000
Five thousand dollars	78,230,000
Ten thousand dollars	137,420,000
Fractional parts	41,024
Total	$2,075,039,948
Unknown, destroyed	1,000,000
Net	$2,074,039,948

CANADIAN BANK PROFITS.

BY H. M. ECKARDT.

THE profits of thirty-three Canadian banks in 1906 amounted to $12,104,703. This total includes the profits of every one of the chartered banks that has been in existence a year or more. The amount does not represent the earnings actually made in the calendar year. The fiscal years of the different institutions do not end on the same date. For example ten end the year on December 31, eight on November 1, the Bank of Montreal, on October 31, and the others in September, May, April and January. There is a noticeable tendency, however, among the banks whose year-endings have been in the spring and summer to change to the fall and winter. Every year some abandon the early dates and choose November 30, or December 31. If the changes still go on it will not be long before the aggregate of bank earnings, as reported, will practically represent the result of operations for the calendar year.

The aggregate of the averages of the banks for the periods covered by their annual reports, as shown by the monthly returns to the Government, were as follows: capital paid up, $87,562,982; capital and rest (or surplus) combined, $148,549,685; total resources of all kinds, $847,537,380. The profits, as given above, therefore represent 13.82 per cent. on the average capital, 8.15 per cent. on average capital and surplus combined (total stockholders' funds), and 1.42 per cent. on average total resources. The following table shows how this compares with previous years.

	Average Capital.	Average Capital and Surplus.	Average Total Resources.
1903	$73,107,484	$118,818,637	$586,162.981
1904	77,771,384	128,503,516	648,875,208
1906	87,562,982	148,549,685	847,537,380

	Profits.	Per cent. on Average Capital.	Per cent. on Average Capital and Surplus.	Per cent. on Average Total Resources.
1903	$9,530,074	13.05	8.03	1.63
1904	10,168,410	13.07	7.91	1.56
1906	12,104,703	13.82	8.15	1.42

Statistics for 1905 are not available. It should be noted that the figures for 1903 and 1904 were not quite complete. Two or three of the smallest banks which did not publish their results, are lacking from the list. Their business, however, is not of importance enough to affect the calculations.

The tables show that a higher ratio of profits to capital, and to capital and surplus, was secured in 1906 than in either of the two other years. Ratio of earnings to total resources decreased .14 per cent. from 1904, and .21 per cent. from 1903. The high rates obtainable for call loans in New York have had something to do with the satisfactory earnings. The keen demand for discounts resulting from the business activity in Canada had even more to do in bringing them about. But banking competition has become more intense. Several new banks have started; and, largely as a result of their efforts to get business, numerous concessions have been generally made by the banks to both customers and stockholders—concessions which resulted in increasing the operating expenses and thus in reducing the ratio of profits to volume of business. The increase in the ratio of total resources to capital, and to capital and surplus, aided the other factor, of high interest rates, in permitting the banks to show a higher ratio of profits to stockholders' funds. In 1903 average to total resources was a trifle under five times the stockholders' funds; in 1904, a trifle over five times; and in 1906 nearly 5¾ times.

Disposition of the Earnings.

Next, as to the disposition of the earnings. In addition to the ordinary profits the banks obtained in 1906, as premiums on new issues of their capital stock, $6,371,151. These two items and the balances of profit and loss brought in from the previous year made an aggregate as follows:

Ordinary profits	$12,104,703
Premiums on new stock brought in	6,371,151
Balances profit and loss	2,736,039
Total	$21,211,893

The disposition made of this was:

Paid in dividends	$7,208,963
Added to surplus	9,943,089
Written off premises, losses, contributions to pensions, etc.	1,792,901
Balance, profit and loss, carried out	2,266,940
Total	$21,211,893

The dividends amounted to fifty-nine per cent. of the ordinary earnings. The new stock premiums were carried in toto to surplus account, as were also some 3½ millions, being the balance of the ordinary profits after dividends and provisions for depreciation, writing down, etc. The banking policy as to the proportion of ordinary profits to be paid in dividends to stockholders has been remarkably uniform. In 1906 it was 59 per cent., in 1904, 61 per cent., and in 1903, 60 per cent.

The premium on new capital issues, which is always placed to surplus account, has varied considerably. In 1903 it amounted to 6.97 per cent. on the average capital; in 1904 it was but .76 per cent.; and in 1906, 7.27 per cent. Taking the three years the following interesting table results:

	1903	*1904*	*1906*
Per cent. profits to average capital ..	13.05	13.07	13.82
Per cent. premium new stock to average capital	6.97	.76	7.27
	20.02	13.83	21.09
Per cent. dividends to average capital	7.88	8.01	8.23
Per cent. addition to surplus to average capital	10.46	4.50	11.35
Per cent. sundry appropriations to average capital	1.00	1.33	2.04
Per cent. addition to carry forward to average capital	.68	*.01	*.53
	20.02	13.83	21.09

*Decrease.

In 1907 the outlook is for a continued high ratio of ordinary profits to capital. It is also likely that the year will see some important capital issues by the banks at a high premium. In fact, several have already been announced, the premium on which will be 100 per cent. or more.

ACCOUNTANTS AND AUDITORS.

WHILE a complete separation of the functions of the bookkeeper or accountant from those of the auditor is desirable, it must be conceded that it is not always practicable. Where the company is a small one, it may often happen that, wisely or unwisely, it employs bookkeepers who are not competent to bring the accounts into final shape, and perhaps not even to bring the books to a balance. For the auditor to refuse to help them out of the difficulty would be sheer pedantry; but his remuneration for this additional work—or for any accountancy work incidentally undertaken for the company—should be voted by the shareholders, and on no account should he accept any fee on the authority of the directors alone. If this condition is observed, his position will be no more open to criticism than that of the auditor of a private firm whose work, as often as not, is more constructive than critical, and who, without the least impropriety, frequently certifies accounts which he has himself prepared. But to pursue the analogy further, if the accountant who audits the books of a private firm in the interests of a sleeping partner were to be asked by its managing partner to write up these books under his direction, the matter would assume an entirely different complexion; and were he to undertake this additional work without the knowledge of the sleeping partner, the impropriety would be grave indeed. Such, however, is the true parallel to the position of the auditor of a company, who, unknown to its shareholders, is employed to keep its books by the directors.—*Accountants' Magazine, Edinburgh.*

SAVINGS BANKS

SCHOOL SAVINGS BANKS.

FROM "Thrift Tidings," edited by Mrs. S. L. Oberholtzer, Philadelphia, Pa., is obtained the following information regarding school savings banks:

"In so far as we have aggregated statistics of the amount of money deposited by the scholars to their personal credit in the United States since the system was first established, in the public schools of Long Island City, N. Y., in 1885, by Mr. J. H. Thiry, it is $4,864,575 (this includes the savings through the Penny Provident, of New York city). To-day we have record of $1,223,560 standing to the credit of 384,587 scholars in 1,500 schools. These schools are in twenty-eight states."

An important work is being done by the school savings banks in inculcating habits of thrift among the young. It is sometimes said that Americans are lacking in the propensity to save, which is characteristic of the French. Educational work of the kind being carried on by the school savings banks will have an important influence in correcting this defect; for the lack of a disposition to save part of one's income can be regarded in no other light.

VERIFICATION OF ASSETS AND LIABILITIES.

ONE of the most effectual checks upon the conduct of a savings bank —or of any kind of bank, for that matter—is in obtaining a verification of the assets and liabilities. A practicable method of obtaining this has been devised by the Schenectady (N. Y.) Savings Bank, which a short time ago published in a local newspaper a complete statement of its assets and liabilities. In the case of bonds the name of the securities, when payable, interest rate, the due date of the interest, and the amounts, were given; while in the case of mortgages, the numbers, interest rate, date when interest was due, and the amount of principal, were given. As the mortgages held by the bank are all numbered and the receipts given for interest payments thereon are correspondingly numbered, the means were afforded of completely checking the resources.

By publishing the number of each pass-book and the amount credited to the account, depositors were given an opportunity of comparing the credits as stated in their books with those stated by the bank, the possibility of error or of manipulation is removed.

As a safeguard, and as a legitimate form of advertising there can be no question as to the propriety of publishing statements of this kind at frequent, and perhaps irregular intervals. The publication of the statements mentioned, including 22,235 accounts, with aggregate deposits of $6,301,391.74, and occupying ten pages of standard newspaper size, cost about $1,000, this figure covering also the charge for 10,000 copies of the statement in pamphlet form.

REHABILITATION OF SAN FRANCISCO.

BUT little over a year ago (on April 18, 1906), the great San Francisco disaster occurred. The president of the Merchants' Association of that city furnishes the following facts in regard to the progress made since the date of the great calamity:

All the year the bank clearings never weakened, but have shown an average increase of 10 per cent. over corresponding periods of 1905-06.

The Labor Commissioner reports a constant wage disbursement of $1,000,000 a week.

Up to April 1 building permits covering $55,058,756 had been issued.

Bank deposits increased $61,430,090 from April 14 to December 31, 1906. There has been not a single bank failure nor a single important mercantile failure.

Customs receipts increased from $7,187,000 in 1905 to $9,091,000 in 1906.

Exports in 1906 totalled more than $50,000,000 and imports more than $48,000,000.

This information is taken from a recent issue of the New York "Sun," and THE BANKERS' MAGAZINE is able to add to it some further facts, supplied by the American National Bank of San Francisco.

The capital and surplus of the San Francisco banks are now over $70,000,000, which exceeds the aggregates of a number of the large cities both in the East and West.

Bank clearings in the first quarter of 1907 were $599,365,000, compared with $541,457,000 in 1906.

The growth of the deposits of the American National Bank well illustrates the progress the city is making. On March 15, 1906, they amounted to $5,998,431, and on March 22, 1907, they were $8,051,646.

THE VARIED CLIMATE OF TEXAS.

ON April 23 the following newspaper dispatch was sent from Austin, Texas:

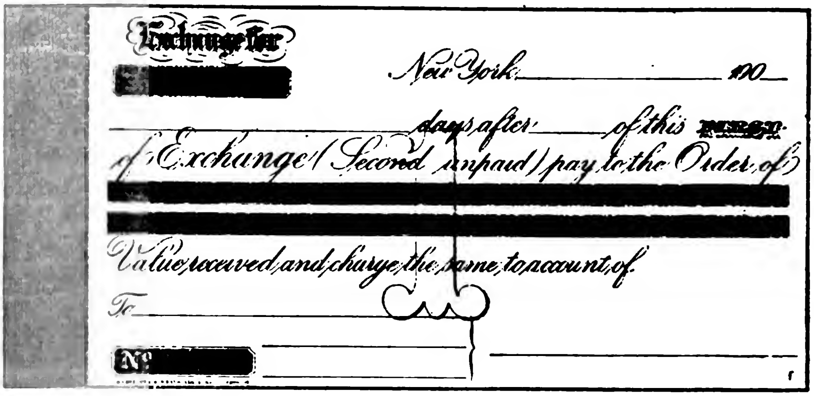
"At Amarillo, Tex., in the Panhandle, snow covers the ground to a depth of eight inches.

From Brownsville, Tex., near the mouth of the Rio Grande, the first shipment of roasting ears to the Northern market was made to-day."

PRACTICAL BANKING

FOREIGN BILLS OF EXCHANGE.

BILLS of exchange drawn on merchants abroad should be drawn in duplicate. Perhaps the day is not far distant when the duplicate set of papers will be unnecessary, owing to our express transatlantic liners running on railroad schedule, but at present to accommodate


Exchange for [redacted]

New York ______ 190_

______ days after ______ of this [redacted]

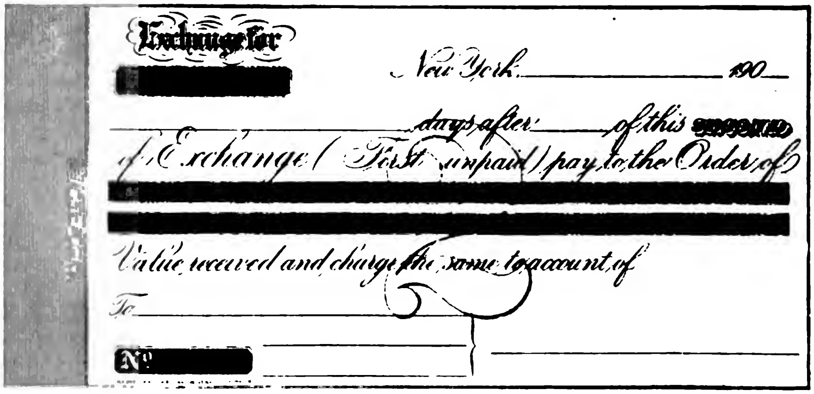
of Exchange (Second unpaid) pay to the Order of

[redacted]

Value received and charge the same to account of

To ______

No [redacted]


Exchange for [redacted]

New York ______ 190_

______ days after ______ of this [redacted]

of Exchange (First unpaid) pay to the Order of

[redacted]

Value received and charge the same to account of

To ______

No [redacted]

our conservative friends abroad, who cling tenaciously to the customs and traditions of the days of stage-coach and sailing-packet, it is necessary in negotiating foreign bills of exchange that they be drawn in duplicate.

Where these bills of exchange are forwarded by out-of-town bankers to their correspondents for sale the complete set of ocean bills of lading drawn up "to order" and endorsed in blank by the shippers must accompany the drafts, together with marine insurance certificate also endorsed in blank. It will readily be seen that the banker purchasing these documents thus controls the delivery of the goods, which he would not be in a position to do were he not in possession of the complete set of documents.

A standard form is given herewith for foreign bills of exchange which on account of its simplicity is much in use by leading banks.

ON ADVERTISING.

ADVERTISING has become an exact science, and perhaps in no department of modern business is the fact more generally accepted than in banking. Men, still in their prime, can recall the time when the conservative banker would have considered any advertising other than a respectable card in some standard publication beneath his dignity.

Modern conditions of business, with the keen competition, however, have compelled even the most conservative banker to change his attitude on this question. It is no longer considered undignified to call the attention of the public to the comfortable surplus and superior facilities of a banking institution, and to-day the curious eye of the passengers in the street cars of many of our provincial towns and cities meets the announcement of an enterprising banker quite at home between the advertisement of some new breakfast food and the latest design of gas-range, and none the worse either.

For the inexorable law that operates throughout the banking world, as through all departments of commerce, in fact the same that operates throughout nature where only the persistent and aggressive survive and continue, admonishes banking institutions, that there is no resting upon hard-won laurels, but that it is by active, indefatigable effort that they must strive to maintain the position attained by unwearying endeavor.

The columns of our press and banking journals testify to the acceptance of this law. And yet the opportunities afforded by judicious advertising are often overlooked, and it is believed that more care and effort given to this department of banking would result in increased business and would well repay the time and expense given to it.

One of our country bankers has hit upon a direct and telling way to attract the attention of prospective customers. The pertinent question is asked in a neat card and the straightforwardness appeals to the reader at once:

WHY NOT SEND YOUR ITEMS DIRECT?

There may be many good reasons why one should not do so, but if there are no good reasons, the argument but half concealed in the question is unanswerable.

SPECIALIZATION AND THE BANK CLERK.

THE bank clerk who is Jack of all departments and master of none, to parody an excellent adage, is not likely to succeed in our day of specialization. So complex have the departments of our large banks become that to thoroughly master, in every detail, the work of his department in all its relations with the other departments calls for most painstaking and conscientious work.

The day is past—did the day ever exist—when the workman can afford to neglect the study of the relationship his work bears to that of his fellow workman. The tendency to extreme specialization to which Max Muller points the danger in scientific work does not apply to the work of the bank clerk. True, the danger is all too apparent in other walks of life, and we see in factory and in store the human "hands" becoming automatons, working mechanically without spirit and without interest. And the bank clerk is in peculiar danger of degenerating into this condition unless he takes energetic and determined means to correct this tendency. His environment impels him powerfully to the state of the automaton. The clattering of the adding machine, of the typewriter, the tedious monotone of "calling off," are all apt to place the bank clerk on the low level of the operative of the loom.

But his is a higher calling. Checks passing through his hands represent the adjustment of a nation's commerce in its thousand ramifications. The wide-awake bank clerk will look beyond his immediate work and with trained insight and judicious imagination learn in his daily experience "line upon line," as far as possible, the history, the relationships and the import of the transactions that come under his notice.

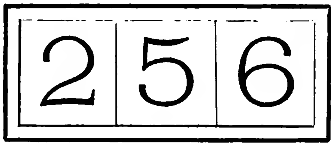
Does a draft on Callao, Peru, with documents attached covering a shipment of wind-mills, come to him for entry on the books of the bank? Then where is Callao, and why are wind-mills needed in that far distant land? How are they shipped, and has the merchant, whose far-sightedness and enterprise in the open market of the world have enabled him successfully to compete, overlooked some technicality in drawing up his papers so that the parched fields suffer for many weeks, due to the lack of irrigating pumps, not delivered to the Peruvian merchant by reason of irregularity in drawing up the bills of lading, the diligence of the merchant being blocked by the carelessness or ignorance of the clerk?

Had the bank clerk done his part, as was his office, to serve the shipping merchant, the inconvenience given the consignee at the other side of the globe never would have arisen.

The clerk must follow the tendency of the times. In law, medicine, the arts and the sciences it is the *specialist,* the man who can do something a little better, the man who knows a little more in his particular department of his work than his fellow, that succeeds.

A SIMPLE DEVICE FOR SHOWING BANK BALANCE.

A PLAN as simple as it is useful has been devised by Mr. George M. Barnum, Jr., treasurer of the Beacon Trust Co. of Boston, for keeping the officials of the company acquainted at all times with the available cash balance. The company keeps its principal Boston account in the First National Bank, through which it clears. In the receiving teller's cage is fixed a board, about seven feet from the floor, and plainly visible from the officers' quarters, on which are hung movable figures, something like the accompanying cut, the figures indicating thousands of dollars. At the opening of business in the morning the



balance in bank to the credit of the company is shown, and the figures on the board are changed with each deposit, at frequent intervals through the day. In the paying teller's cage there is a similar board, also visible from the officers' desks, on which are shown the drafts drawn on the account, and changed of course at intervals as checks are drawn. By deducting the amount shown on one board from the one shown on the other, the officials can tell at a glance the amount of the available balance.

This plan is far simpler and easier than the method usually employed and by modifications can be adapted to various practical uses.

IMPROVED BANKING METHODS.

ONE feature, and perhaps the most valuable, of expert examination of banks by properly qualified accountants, has been lost sight of to some extent. Generally, in setting forth the value of such examinations, the greatest stress is laid on their advantage as a means of preventing wrong-doing—of providing checks that will increase the difficulties of embezzlers in covering up their tracks. But there are other important benefits growing out of such examinations. As was well said by J. E. Sterrett in a recent address before Philadelphia Chapter of the American Institute of Bank Clerks:

"Prevention of loss by wrong-doing is not, however, the ultimate goal; and a still more useful function of the certified public accountant in this connection is often found in his qualifications to suggest, criticize and advise. Constructive work is always the most important; and the progressive bank officer, whose institution regularly engages a public accountant to make examinations, has an opportunity thus afforded to come in contact with someone who can view matters from an independent standpoint, and who also, by reason of his ability as an executive, can give an unbiased and helpful opinion on many of the perplexing problems that arise from time to time."

Although every bank should neglect no precaution against wrong-doing on the part of officers and employees; and while examinations, made by the right kind of examiners, will tend to insure safety in this respect, the banks are far more liable to suffer loss through lack of economical methods in their management than through crookedness on the part of officers or clerks.

THE SMALL DEPOSITOR.

ONE of the most marked of the many banking changes of recent years is the different attitude of the banks towards the small depositor. While the banks of the larger cities only a few years back almost scornfully refused small deposits, now they are welcomed, and many banks in their advertising lay special emphasis on the fact that small accounts are gladly received. Bankers have learned from experience that the small account of to-day is quite likely to become the large account of to-morrow, and accommodations extended the small depositor frequently result in his bringing to the bank much desirable business.

A few years ago a gentleman now high in business circles offered a Brooklyn, N. Y., bank a deposit of $400. He was curtly invited to look elsewhere for his banking accommodations. To-day it is inconceivable that such an incident could happen in that city.

A young New York lawyer not so many years ago wished to open a bank account with a deposit less than $50. After being turned away from one bank he applied to one of the largest, but one of the most progressive, down-town banks. He met a sympathetic official who explained to him that the account was a pretty small one, but accepted his deposit. The lawyer made rapid strides in his profession, became connected with important estates, and millions have been turned into the bank through the account started so inauspiciously.

Probably every banker knows of similar instances, all of which go to prove the wisdom of the present policy of "despising not the day of small things."

LINGUISTIC ACQUIREMENTS OF BANKERS.

TAM O'SHANTER'S bond of friendship with Souter Johnny was that "they had been fou for weeks thegither." Next to this somewhat dubious bond of companionship, there is, perhaps, nothing that will endear a man to you more than to be able to speak his native language, when it differs from your own. This accomplishment will not only be found helpful in a social way, but it also has its commercial value. This fact is recognized by the First National Bank of Pittsburgh, which publishes the following announcement:

"The foreign languages spoken at the First National Bank of Pittsburgh include Russian, Lithuanian, Polish, German, French, Bohemian, Hungarian, Slavish, Croatian, Servian, Italian, Bulgarian, Greek, Turkish, Spanish, Carnolian, Moravian, Macedonian, Dalmatian, Chinese, Dutch and Flemish."

With the hundreds of thousands of non-English-speaking immigrants annually coming to our shores, it is doubtless of great benefit to banks to have officers or clerks who are able to speak in various tongues. Bank clerks already find the requirements of their positions rather exacting. What will they say if they are compelled to learn a number of foreign languages? Perhaps they will not complain, if their salaries are correspondingly increased. French, German and Spanish ought at least to be included in the list of studies of every young man who seeks to equip himself for commercial or banking pursuits.

PRACTICAL PARAGRAPHS.

Sight Drafts in Canada.

It is not generally known that the acceptors of sight drafts payable in Canada, under the Canadian law, are allowed forty-eight hours in which to accept such items; and this, together with the three days of grace, gives the drawees of sight drafts five days in which to pay their items in that country.

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Drafts with Bills of Lading in Mississippi.

A law recently passed in Mississippi, gives to a bank in that state collecting drafts with bills of lading attached, the right to retain the money so collected for the space of ninety-six hours after the delivery of the bill of lading. Under this law it will be seen that banks in the state of Mississippi have ample time in which to secure themselves against any possible demand made upon them by consignees by reason of shortage, damage or any defect in the delivery or condition of the goods, after the release of the bill of lading.

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Joint Accounts in New York Savings Banks.

According to a law passed by a recent session of the New York Legislature, money deposited in a savings bank in the name of two parties can be withdrawn by one of the parties only upon his stating that the other depositor is still living.

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The Timing of Notes.

Every collection clerk will readily recognize the importance of keeping a watchful eye on the timing of the notes held by his bank for collection. For this feature of the work of the bank there is generally no proof but the eternal vigilance of the man in charge of the items. Should he overlook an error in the fixed maturity of a note, or himself incorrectly time an item, serious loss might ensue, by reason, as is well known, of the release of the endorser, should the note be subject to protest, because of proper notice of non-payment not being forwarded to the endorser, in the event of non-payment.

A simple rule based on an extract from the Statutory Construction Act may help collection clerks and, perhaps, enable them to settle a common dispute, the result of an error in understanding this law.

In timing a note a number of months after or before a certain day shall be computed by counting such number of calendar months from such day, exclusive of the calendar month in which such day occurs, and shall include the day of the month in the last month so counted having the same numerical order in days of the month as the day from which the computation is made, unless there be not as many days in the last month so counted, in which case the period computed shall expire the last day of the month so counted.

It will readily be seen from this that a note dated January 31 payable one month after date will fall due February 28, while a note dated February 28 payable one month after date will mature March 28, or a note dated June 30 payable one month after date will mature July 30. Of course, in the instances given the maturities are not affected by days of grace.

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Closed Accounts.

Bankers, with an eye to the future, are careful when an account closes to learn not only the reasons for their customer's withdrawal, and possibly they may learn a lesson here, but watch for an opportunity to get in touch with such customers whenever opportunity presents itself where the business relationships have been satisfactory.

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Three Days of Grace on Sight Drafts.

Bankers throughout the South and West handling sight drafts with documents attached should be careful to keep in mind and to allow for the three days of grace to which sight drafts, payable in Massachusetts, New Hampshire, and Rhode Island are subject. The three days of grace on sight drafts in these states are not always taken advantage of, sight items often being paid upon presentation; and further, considering the possibility of such a contingency, by giving clear instructions to their correspondents regarding release of bills of lading, whether documents should be released upon acceptance or only released upon payment, much annoyance would be saved country bankers.

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Foreign Items.

A few years ago, the city banker classed as "foreign items" drafts, notes and checks on out-of-town points. To-day a "foreign item" is an item payable in London, Bremen, Adelaide or Tokio, while the "out-of-town" items are known by that name. Items on Singapore and Dutch Guinea, with documents covering shipments of American ploughs and wind-mills for the far East, accompany to their New York correspondent drafts on domestic points which now in the ever wider range of banking activity, are no longer "foreign."

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Instructions in Regard to Protest.

Each year uniformity in banking customs between different states is becoming more and more an accomplished fact.

The banker in New York, Pennsylvania, or the Eastern States, firm in the belief that the traditions of his institution are authoritative, is surprised at times to learn that in distant citics customs and traditions, born of a different environment, are totally at variance with his own.

Many differences of opinion arise continually in spite of this tendency towards uniformity due to the closer relationship between the city banker and his remote country correspondent.

The question of protest will illustrate this clearly. It is invariably understood in the Eastern States that all items, in the absence of specific instructions to the contrary, are subject to protest, and in the event of the dishonor of an item, whether note, draft or check, the bank receiving such an item would be justified and warranted in protesting the instrument. Such treatment would be considered perfectly in accord with the wishes of banks forwarding the items. On the other hand, in some of the far Western and Southern States, particularly in Texas, the reverse of what has been indicated is the accepted understanding; for there, in the absence of instructions to the contrary, items are returned without protest, and protest is only effected where distinct instructions accompany the item.

Many a New York banker, upon receiving from some remote Texas correspondent a dishonored note, unprotested, has learned to his surprise, in response to his inquiry for such a course, that he never instructed his correspondent to protest the item. It is unnecessary to point out here the liability to which the New York bank receiving such a note is subject in consequence of the release of all liability of his endorser by reason of the failure of the collecting bank to protest the instrument. It is important that banks should give their correspondents specific instructions regarding these questions—instructions admitting of no misinterpretations.

To avoid any controversy between the city customer and his banker it would be well to receive definite instructions in writing governing the protest or non-protest of all items.

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Answers to Questions.

Inquiries relating to practical banking questions will be answered through this department free of charge. Subscribers are invited to avail themselves of the service thus offered.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

COLLECTIONS—LIABILITY AS TO PROCEEDS—OFFICERS—AUTHORITY TO ACCEPT DRAFT — MISAPPROPRIATION — BILLS AND NOTES — ACTS OF OFFICERS — PRINCIPAL AND AGENT.

GRIFFIN VS. ERSKINE, ET AL.

Supreme Court of Iowa, Sept. 24, 1906.

A holder of a mortgage securing a bond made payable at a bank transmitted the papers to the bank with instructions to collect the amount due; the president of the bank received a draft from the debtor in payment of the debt, the draft being payable to him, with the abbreviation "Pt", with a letter reciting the inclosure of the draft to pay off the debt; the president misappropriated the draft, and a number of interesting questions of law arising from these circumstances were raised in a suit by the debtor for a cancellation of the mortgage and bond.

The Supreme Court of Iowa, in deciding the case, entitled Griffin vs. Erskine, et al., held that a bank might receive a draft or check from a debtor as a conditional satisfaction of the debt unless instructed to the contrary, when it had reason to believe that the draft or check would be paid on presentation; that the creditor, in the absence of any instructions, must have intended that the bank should execute the duty imposed on it in the customary way; and the debtor paid the debt on transmitting a draft to the bank that was paid subsequently; that the president, though not expressly empowered to perform acts showing his complete control of the affairs of the bank, such as receiving all its mail and indorsing all its drafts, had performed them for a sufficiently long period to indicate the practice had been acquiesced in by the directors, which made the acts within the authority of the president; that the act of the president in misappropriating the draft did not affect the debtor.

In reversing the decree of the district court of Adams county, which dismissed the petition, the appellate court orders the relief asked for by the petitioner, namely, the cancellation of the bond and mortgage, to be granted. The court says in part:

Ladd, J.: Having authority to act for the bank in all matters in controversy, it is unnecessary to inquire concerning the extent of the inherent power pertaining to the office of president. Nor, in the view of the authorities cited, is it necessary to discuss whether the evidence that greater powers had been conferred on and customarily exercised by La Rue was admissible. As indicated by the correspondence, La Rue received the draft in the ordinary course of mail. Did he do so in behalf of the bank? The evidence was to the effect that the large portion of the remittances of the bank were drawn to La Rue as president. This may have been owing, as suggested by one witness, to the fact that he was better known than the bank of which he was president. That the business of the bank was conducted largely in the name of its officers as such, instead of the name of the bank, is fully established, and the evidence was that customarily adopted by many banks in drawing drafts in favor of other banks. Says Mr. Randolph in his work on Commercial Paper, vol. 1, § 157: "The office of cashier and the cashier's official name have, by common usage of banks in the making and transfer of commercial paper, become synonymous with the bank itself. * * * And it is not necessary that the bank be named in the instrument, but like effect will be given to a bill or note payable to 'A. B., Cashier,' or to 'A. B., Cas.'; parol evidence being admitted to show 'cashier' intended." That such a draft in favor of a cashier and indorsed by him as such is binding on the bank appears from many authorities. As La Rue was discharging the duties ordinarily exacted from the cashier, these decisions are in point. Regardless of these considerations however, the entire question has been settled in this state by the enactment of the Negotiable Instruments Law by the 29th General Assembly 1902 (chapter 130, § 42), providing that "where an instrument is drawn or indorsed to a person, as 'cashier' or other fiscal officer of a bank or corporation, it is deemed prima facie to be payable to the bank or corporation of which he is such officer; and may be negotiated by either the indorsement of the bank or corporation, or the endorsement of the officer." There is nothing in this record to overcome the presumption raised by this statute that the draft was payable to the bank of which La Rue was president. It came into his hands as such officer authorized to receive it for the bank, and therefore reached the bank, the agent authorized by Erskine to collect the money.

But did the delivery of this draft to the bank constitute payment? The rule universally accepted is that under authority merely to collect, an agent, in the absence of a custom to the contrary, may receive nothing except money in payment. A debtor who owes money, in paying to an agent, must do so in such a manner as to facilitate the agent in transmitting money to his principal. Even though the creditor himself take the debtor's note, the payment, in the absence of an agreement to the contrary, is regarded in this state as conditional only. In other words, bills payable are not satisfied by new paper of the same kind unless so agreed. This rule applies to checks and drafts, and, though they are in general use in the transfer of money from one person to another, payment thereby is deemed conditional on the drawee's acceptance and payment by the great weight of authority. Checks, drafts, and other bills of exchange are the means of transferring the money in adjusting nearly all commercial transactions, and in authorizing an agent, whether a bank or individual, to make collections, it may be assumed in the absence of instructions to the contrary that the authority is to be executed in the manner usual and customary in the commercial world. While the agent may not accept anything but the actual cash in satisfaction of the claim, he may receive a check or draft, negotiable and payable on demand, which he has good reason to believe will be honored upon presentation, as a ready and more convenient means of obtaining the money in conditional satisfaction of the debt. Such a payment offers no greater temptations to the agent than payment in cash to which ordinarily it is equivalent. If honored by the drawee, payment relates back to the time of delivery. If not honored, the creditor has parted with nothing by reason of conduct of his agent; for, though the agent may receive such paper as conditional payment, he is not permitted, on its strength, to deliver conveyances, leases, or other valuables at the risk of his principal.

There are dicta in numerous cases to the effect that the delivery of a check or draft which is subsequently honored constitutes payment; but few decisions directly pass upon the point. The adjudicated cases generally concern transactions in which such papers have been dishonored. In view of the universal custom of using drafts and checks as a means of payment, we think an agent may receive a draft or check as conditional satisfaction of the claim placed in his hands, unless instructed to the contrary, whenever he has good reason to believe that it will be paid upon presentation. In the case at bar the bank was required by Erskine to remit the money to him in North Carolina, and the evidence shows that this was expected to be done by the ordinary bills of exchange. He was charged with knowledge of the general custom in the matter of collecting notes and mortgages, such as those sent to the bank, and must be assumed, in the absence of other instructions, to have intended that the bank should execute the duty imposed upon it in the usual and customary way. This being so, it is not necessary to inquire how the bank disposed of the drafts. It was equivalent to money and could have been used as such by his agent, and was no more likely to be misappropriated by the officers of the bank than had money been paid instead. We are of opinion that, under the circumstances disclosed, the bond and mortgage were satisfied by the delivery and subsequent payment of the draft.

The decree will be reversed, and the relief prayed in the petition awarded.

Reversed.

PROMISSORY NOTE—BONA-FIDE PURCHASER—RECOVERY BY INDORSEE.

NORWOOD VS. BANK OF COMMERCE OF LINCOLN.

Supreme Court of Nebraska, Oct. 4, 1906.

With a view to defeat a recovery of a promissory note in the hands of an indorsee, who took it prior to its maturity for a valuable consideration in the ordinary course of business, without notice, the Supreme Court of Nebraska, in the suit of Norwood vs. Bank of Commerce of Lincoln, held that it was not sufficient to show that the note was taken under circumstances that might excite suspicion in the mind of a prudent man; but it should be shown that the indorsee took the paper under circumstances showing bad faith or want of honesty on his part. On the evidence produced at the trial the court held it was insufficient to show bad faith or want of honesty. The appellate court affirms the judgment for the plaintiff in the following opinion:

Oldham, C.: This action was begun in the district court of Nuckolls county, Neb., to recover the amount alleged to be due upon a certain promissory note executed by the defendant and payable to the Leader Fence Machine Manufacturing Company, and alleged to have been indorsed for a valuable consideration to the plaintiff before maturity. Defendant, for answer to plaintiff's petition, admitted the execution of the note and denied that the note was purchased for value and without notice by the plaintiff before its maturity. The answer further alleged, in substance, that the note was given without consideration; that defendant was induced to sign the note by the representations of the agent of the fence company that the note would not be negotiated and that it would be simply held as security for such machines as defendant would sell for the company for a period of six months; that it was agreed at the time of the execution of the note that defendant was to act as agent of the fence company and sell its machines in a certain portion of Nuckolls county; that the machine company agreed to furnish machines to the defendant for sale, at the price of $6 apiece, with the freight prepaid, and to send a man to aid the defendant in the sale of the machines, and that the machines were represented to be first class in every particular, and that they would build and construct, in an easy and practical manner, any sort of a wire fence, and that they would sell readily, and that the company would furnish wire to him for building fences at 2½ cents a pound; that defendant relied on all these representations when he signed the note, and that all such representations were false; that it was further represented that, if defendant did not sell any machines within six months, the company would return his note and take back the machines delivered to his order.

It was further alleged that defendant had offered to return all machines and all property delivered to him by the company and had kept his tender good. There is no allegation in the answer that the maker of the note and the indorser thereof were solvent and known to be solvent at the time of the purchase of the note. Plaintiff filed a reply in the nature of a general denial of the new matter set up in the answer, and alleging the purchase in good faith without notice in the ordinary course of business.

On issues thus joined, there was a trial to the court and jury, and, at the close of the testimony, the court directed a verdict for the plaintiff, and entered judgment on the verdict. To reverse this judgment, defendant brings error to this court.

Now, in the case at bar, on his own volition, introduced evidence, already set out in this opinion, tending to show the good faith of the purchase of the note in suit, and the only evidence offered by defendant, touching on this question, was such as was elicited from plaintiff's president on his cross-examination. This testimony was that the president of the bank had purchased this note with others, aggregating $1,900, for the sum of $900; that he knew that the party offering the notes was the general manager of the payee of the note, and that the payee was engaged in the manufacture of fence machines; and that both the general agent and the payee were reported to be solvent. Now, as before stated, there was no allegation in the answer that the maker of the note was solvent, or that the makers of any other of the bunch of notes purchased by plaintiff were solvent. The only thing touching on this question was the answer of plaintiff's witness that certain property statements were attached to the notes. Defendant offered no testimony directly tending to show that any of the makers of the notes purchased by the bank were in fact solvent and known to be so by the plaintiff at the time of the purchase. If all the evidence offered had been admitted, it would have constituted no defense against an indorsee under the law merchant. In Dobbins vs. Oberman, 17 Neb. 163, 22 N. W. 356, it is said that, to defeat a recovery on a promissory note in the hands of an indorsee who takes it before maturity for a valuable consideration, 'it is not sufficient to show that he took it under circumstances which ought to excite suspicion in the mind of a prudent man. * * * To have that effect it must be shown that he took the paper under circumstances showing bad faith or want of honesty on his part.'

The only evidence offered which in any way tends to impeach the good faith of the purchase of the note in suit was the discount which the indorsee received on the whole bunch of notes purchased. These notes presumably were for small sums on different persons residing at considerable distance from the place of business of the indorsee, so that the cost of collection might reasonably have been taken into consideration in estimating the discount on the paper. The note in suit bore no interest by its terms, and there is no evidence that any of the others differed in this respect.

The question of the solvency of the makers was not placed in issue by the proof offered, so that the only question to determine is whether or not the discount for which the notes were purchased, standing alone, is sufficient to show bad faith in their purchase. While the purchase of negotiable paper on a known solvent maker for a sum materially less than the face of the paper is often referred to by judges and text writers as a circumstance tending to show bad faith in its purchase, yet, unless the consideration is grossly inadequate, this circumstance alone is not sufficient to establish the mala fides of the transfer.

We are therefore of the opinion that the evidence offered was wholly insufficient to show either bad faith or want of consideration in the purchase of the note, and consequently it is immaterial whether the evidence offered by defendant tending to show a want of consideration as between the original parties to the note had been admitted or excluded, for in either event an instruction directing a verdict for the plaintiff should have been given. We therefore recommend that the judgment of the district court be affirmed.

USURY—ACTION ON NOTE.

SCHLESINGER VS. LEHMEIER.

City Court of New York, Trial Term, February, 1906.

A defense of usury is not available under the banking laws of New York in a suit by a receiver to recover on a note discounted by it in due course, according to a decision by the City Court of that state in the case of Schlesinger vs. Lehmeier. It was contended by the receiver that the defense could not be interposed against a state or national bank whether or not it be an innocent holder for value. Green, J., regarded the question as sufficiently important to warrant an exhaustive analysis of the statutes and authorities. In part the decision follows:

GREEN, J.: It is readily seen by reading the provision of the banking law that it provides an entirely different rule of law in regard to the taking of usurious interest than that provided for individuals, in that, as between individuals, the note or bill would be void, and so from its inception, under the statute of usury; but as to banks, that the maximum penalty, if it may be so called, would be the forfeiture of the entire interest on the note, or, if the greater has been paid, that an action, if brought within two years, may be maintained and brought for twice the amount of the excess of interest so paid. The last clause of the section is declaratory of the true intent and meaning of the section, and declares the intent to be "to place and continue banks and private and individual bankers on an equality in the particulars herein referred to with the national banks organized under the act of Congress." This leads us to an examination of the federal statute applicable to national banks and the decisions of the federal courts upon the subject at bar, in order that the intention of the Legislature may be thoroughly understood, and proper force given to its express declaration of "intent and meaning."

The provisions of the Federal Statutes are somewhat similar to that of the New York statute.

The intention, as expressed by the Legislature in the very law itself, is to place the state banks on an equality with the national banks. The question then arises as to what, and the answer finds expression in the language of the act, "on an equality in the particulars herein referred to," and those particulars refer to the taking of interest on notes or bills, etc., and the forfeiture of the entire interest, if an excess of 6 per cent. is taken or received, and permitting an action for twice the amount of the excess interest paid if brought within two years from the time it was taken. The Legislature of the state, by the act in question, expressly intended that there should be no difference between the rights of state or national banks in the particulars mentioned in the act, and which related to the taking of interest. The use by the Legislature of the language that "the true intent and meaning of this section is to place and continue banks and private and individual bankers on an equality in the particulars herein referred to with the national banks," meant on an equality before the law as it was then known, adjudicated, and understood at the time of the passage of the act by the state of New York, and which had reference to the taking of interest; to the end that, upon that subject, there should be no difference as to defenses of usury against state banks and which was not permitted against those under federal control.

It is evident that the National Banking Act is exclusive on the subject of usury with respect to the national banks, and covers the whole subject of usury, and therefore repealing other laws with respect to usury so far as they might apply to national banks. In the Dearing Case an act almost identical with section 55 of the state banking law was before the court for its consideration, and the Court of Appeals of this state having decided (Farmers' Bank vs. Hale, 59 N. Y. 53) that it was the intention of the Legislature to create an equality or parity between the national and state banks with respect to usury, and the United States Supreme Court having decided that the state laws do not apply on that subject, the conclusion is now irresistible that the state usury law has now no application to state banks; that it has been by implication repealed or nullified, so far as it may affect such banks, by the provisions of section 55 of the banking law of New York; that the banking law is exclusive on the entire subject of usury so far as it applies to or affects state banks; and that they are subject only to such forfeitures and liabilities with respect to usurious transactions of any kind as are to be found in that act and no others.

Defendant's counsel further contends that, if the act applies (and which he denies), it only applies to transactions directly between a bank and its customer, and not to indirect transactions, by means of which the bank subsequently obtains possession of negotiable paper. This contention is untenable. The first clause of section 55 of the banking law refers to the taking, receiving, or charging interest "on every loan or discount made," and, further, "or upon any note, bill of exchange, or other evidence of debt;" thus clearly indicating, by fair intention and construction, all transactions with the bank relating to notes and bills, whether direct or indirect.

Counsel for the defendant has presented to the court authorities showing that defenses of usury have been successfully interposed in actions brought by state banks, and, while counsel is correct in his statement as to the defense of usury having been interposed, upon a careful examination of those authorities, I find that in none of the cases cited by him was the objection raised, either at the trial or on appeal, as to the applicability of the defense of usury against a bank, and consequently they are not decisive of points or questions of law not raised or even adverted to.

There is, by the statute, a remedy given for the taking of unlawful interest by a bank. If the interest has been paid to and received by the bank, twice the amount of the interest paid in excess of the legal rate may be recovered if the action be brought within two years therefor. If actions be brought on the usurious instrument, the forfeiture of the entire interest attaches, and is enforceable only when an action is brought thereon to enforce the usurious contract. The defendant seeks to interpose the defense of usury as "separate defenses" to the causes of action set forth in the complaint as a bar to plaintiff's right of action and recovery; and, after a careful examination of all the authorities, I am of the opinion that the defense of usury is not available against a state or national bank. The motion of the defendant to amend his answer is denied. The motion of the plaintiff to dismiss all the separate defenses of the defendant is granted, and judgment for plaintiff directed accordingly.

Judgment accordingly.

PROMISSORY NOTE — DELIVERY THROUGH AGENT — DEATH OF PRINCIPAL—EFFECT OF A CONTINGENCY —BURDEN OF PROOF.

JONES VS. JONES, ET AL.

Supreme Judicial Court of Maine, July 10, 1906.

Generally a promissory note does not become a liability until delivery, and if a maker dies before delivery of the note, by an agent, to whom it was intrusted, the agent's authority is thereby revoked, so that a subsequent delivery by him is ineffectual to create a liability. Of course, it is equally true, that when a note is left with a third person, to be delivered to the payee, on the happening of a contingency, the first delivery is complete and irrevocable. The burden of showing that the instrument was handed to a third person for delivery on the happening of such contingency rests upon the plaintiff. These well-established principles were sustained by the Supreme Judicial Court of Maine, in the suit of Jones vs. Jones, et al.

The action was to recover on three promissory notes, purporting to have been signed on the face by Silas D. Jones & Sons and on the back by Silas D. Jones individually, and payable to the plaintiff. The defendants are executors of the will of Silas D. Jones. The defendants deny the execution of the notes, particularly that the individual signature of Silas D. Jones is genuine. For want of delivery, they contended the notes never became effective during the lifetime of Jones.

Savage, *J.:* The defendants contend that, whatever may have been the inception of these notes, they were not delivered to the plaintiff in the lifetime of Silas D. Jones; that, so far as the individual liability of Silas D. Jones was concerned, they were left by him in the hands of Storer W. Jones, who, as a member of the firm, was also one of the makers, to be delivered to the plaintiff; that Storer was the agent for that purpose; and that Storer's authority to make delivery was revoked by the death of Silas, before delivery. It is not in dispute that Silas D. Jones died August 9, 1903, and that the notes were not delivered into the possession of the plaintiff until the following September. And it is admitted that the plaintiff was in entire ignorance of the existence of the notes until a week or two before the death of Silas, when, she says, she first learned of it from her husband. And it does not appear that there had ever been any agreement or understanding on her part that notes should be given to her on account of the bank loans.

It is, of course, well settled that a promissory note does not become a liability until delivery. It is likewise true that, when the maker places the note in the hands of a third person merely for delivery to the payee, such third person is the agent of the maker, and not of the payee. And if the maker dies before delivery by the agent, the agent's authority is thereby revoked, and a subsequent delivery by him is ineffectual to create a liability. The plaintiff does not dispute the principles thus stated, but she attempts to meet and parry them by another well-established doctrine; and that is that when a deed or other instrument, whose validity depends upon the delivery, is left with a third person to be delivered to the grantee, or, in case of a note, the payee, on the happening of a contingency, the first delivery is complete, and irrevocable by death or otherwise.

If, in face of the apparent want of delivery in the lifetime of Silas, the plaintiff would obtain the benefit of the rule she relies upon, it is incumbent upon her to show that when Silas D. Jones left the notes in the hands of Storer for delivery to her that delivery was intended to be conditional upon the happening of a contingency. Unfortunately for her theory, we are unable to find the proof which sustains her burden.

But the plaintiff claims, further, that there was a constructive delivery of the notes before the death of the maker. She says her husband informed her that he had these notes in his possession a short time before his father's death. We do not need to discuss the effect of a constructive delivery to create a liability upon the notes, for we are unable to persuade ourselves that the mere fact that her husband told her that such notes were in existence, and nothing more, can be regarded as a constructive delivery of them to her.

We conclude, therefore, that the plaintiff was not entitled to retain a verdict based upon the notes.

ALTERATION OF NOTE — MATERIALITY — DECREASE OF LIABILITY.

ADAMS vs. FAIRCLOTH.

Court of Civil Appeals of Texas, November 7, 1906.

The materiality of an alteration of a note, made at the instance of the payee, without the knowledge or assent of the maker, is not affected by the fact that the liability of the maker was decreased. The Court of Civil Appeals of Texas so held, in the suit of Adams vs. Faircloth.

FLY, *J.:* This is a suit on a note for $200 against J. H. Adams and W. E. Adams by appellee. Appellee obtained judgment for the amount of the principal, interest, and attorney's fees. Only W. E. Adams appealed.

J. H. Adams, desiring $200 from appellee, was informed that it would be loaned to him if he secured the name of W. E. Adams, on his note for that amount. When W. E. Adams, who is a brother of J. H. Adams, was requested to sign the note for $200, he suggested that he needed $100, also, and that the note should be made for the amount of $300. That was done, and the note was presented to appellee by J. H. Adams, who, at the request of appellee, erased the figures "$300.00," and the word "three" and inserted the figures "$200.00" and the word "two" in their place and stead, and $200 was loaned to J. H. Adams, and the note, as altered, was delivered to appellee. The alterations in the note were made without the knowledge or consent of appellant. There was no controversy about the facts set forth. The transcript does not contain any assignments.

The note showed on its face that it had been altered and the uncontroverted evidence shows that it was not only done without the knowledge or consent of the appellant, but at the instance and with the connivance of appellee. We think the error is "prominent" and "one determining a question upon which the very right of the case depends," and should be considered in the absence of an assignment. The instrument was altered in a material way. It changed the liability of appellant, and the materiality of the alteration is not affected by the fact that it decreased his liability. It affects the identity of the note, and makes it a different one from that executed by appellant; and prevents the maintenance of any action upon it. No one has the authority to tamper with a written instrument executed by another, and it is no justification or excuse for such conduct to show the maker's liability was thereby lessened or decreased.

Daniel Neg. Instr. §§ 1375, 1384. The effect of the alteration was to destroy the liability of appellant. After the alteration, it was no longer the agreement into which he had entered. The law will not lend its aid in the enforcement of such an instrument, but will punish the party guilty of the alteration, at least to the extent of destroying the contract.

The judgment is reversed, in so far as it affects appellant, and judgment here rendered that appellee take nothing by his suit as against appellant, and that he pay all costs of this and the county court.

ACCOMMODATION INDORSER—FIRST INDORSER'S NAME INSERTED IN PAYEE BLANK.

BANK OF SPARTANBURG VS. MAHON.

Supreme Court of North Carolina, October 3, 1906.

An insertion of the name of the first indorser of a note, in the blank left for the name of the payee, is not a violation of his rights. Since the note was given in renewal of another note he had endorsed, the endorser received valuable consideration, and it could not be successfully contended that he was an accommodation endorser. He delivered the note to a bank, after he endorsed it, and the bank inserted his name, in the blank left for the payee, with the consent of the other endorsers. His liability is discussed and determined by the Supreme Court of South Carolina in the suit of the Bank of Spartanburg vs. Mahon.

GARY, *J.:* There was testimony to the effect that the notes in question were renewals of other notes, which the bank held against James & Stewart, and which were endorsed by the defendant; that the notes described in the complaint were executed in the following manner: The bank delivered to James & Stewart blank notes (except as to amounts) for the purpose of being signed by them, and endorsed by the defendant; that the notes were sent to the defendant, who wrote his name across the back thereof, and forwarded them to James & Stewart, who signed as makers; that the notes were then presented to the bank by James & Stewart and the bank filled out the blanks by inserting the name of G. H. Mahon as payee, with the knowledge and consent of James & Stewart.

The grounds of the motion for nonsuit were: "(1) That the bank has failed to prove title to these notes. (2) That the undisputed testimony shows that Mr. Mahon endorsed these notes in blank, and that they were subsequently written out and signed by James & Stewart at Spartanburg, Mr. Mahon not being present, and that the insertion by the bank of the name of Mr. Mahon as payee of the notes, was in violation of his rights as an endorser, and made for him a contract, which the bank had no right or authority to make." The appellant's exceptions merely assign error on the part of his honor, the presiding judge, in sustaining the motion for nonsuit, on the grounds just stated, and need not be considered in detail.

G. H. Mahon did not sustain towards the bank the relation of an accommodation endorser, but of a joint maker, as he was a party to the original contract and endorsed the notes before they were negotiated. It cannot be successfully contended that he was an accommodation endorser, for the further reason that he received a valuable consideration when the bank surrendered the notes, previously executed by James & Stewart and endorsed by him.

The general principle as to the effect of inserting in a note the name of a party as payee, who had previously endorsed it, is stated as follows, in the case of Aiken vs. Cathcart, 3 Rich. Law, 133, 45 Am. Dec. 764, which was an action by the last endorser, who had paid the note, against the first endorser, to wit:

"The insertion of the name of the first endorser, in the blank left for the name of the payee, was not an alteration but the completion of the note. It gave effect to the note, consistently with the liabilities of the parties expressed by their endorsements. The note might then be perfected after a transfer. When the blank was filled in pursuance of the authority implied by the delivery of the note to the maker, it had relation back to the endorsement, and took effect as if the note were then perfect; for the cases show that when a signature is written to a paper which is intended to have the operation of a negotiable instrument, it becomes such when perfected, from the time when it was signed, so as to support the allegation that the party made or endorsed the note or bill."

The testimony shows that James & Stewart were the agents of the defendant in negotiating the notes. It does not appear that the plaintiff had notice of any limitations imposed upon their power by the defendant. In fact, it does not appear that he gave them any instructions whatever, as to the manner in which the blanks were to be filled. The insertion of the payee's name in the note was within the scope of their employment, as shown by the case of Aiken against Cathcart, supra, in which the court says:

"Many cases concur to establish that when the endorser of a note commits it to the maker in blank, either in whole or in part, the note carries on the face of it an implied authority to the maker to fill up the blank. As between the endorser and third persons, the maker must under such circumstances be deemed to be the agent of the endorser, and as acting under his authority and with his approbation. Therefore, even if they acted contrary to defendant's instructions, he would nevertheless be liable as payee."

Furthermore, even if it should be conceded that the insertion of the payee's name was not the act of the defendant through his agents, nevertheless they had notice of this fact, while acting within the scope of their employment, and it was binding on him.

Therefore, it was a question to be determined by the jury, whether he had not either acquiesced in such action or was estopped from contesting the point, after he had received the valuable consideration arising from the satisfaction of the notes previously executed, as hereinbefore mentioned.

It is the judgment of this court, that the judgment of the circuit court be reversed, and the case remanded to that court for a new trial.

NOTE—ALTERATIONS—RIGHTS OF BONA-FIDE ENDORSEE —LIABILITY OF MAKER—NEGLIGENCE.

BOWEN VS. LAIRD.

Supreme Court of Indiana, May 8, 1906.

If a note is signed and delivered with a blank space after the word "at," so that the place of payment might be easily inserted, and words are written in that space, making the note payable at a bank, the maker is deemed sufficiently negligent to estop him from setting up a defense. in an action by a bona fide endorsee, that the note had been altered materially by the insertion of the words in the space. Such in substance, was the decision of the Supreme Court of Indiana, in the case of Bowen vs. Laird.

HADLEY, *J.*: Was the insertion of the words "First National Bank of Lafayette, Ind." on the blank line immediately following the word "at," by some one, before its assignment and without express authority from the maker, such an alteration of the note as will render it void in the hands of an innocent holder for value? There is no doubt but the insertion of the words was a material alteration, which invalidated the instrument in the hands of the payee, effecting, as the words did. a complete change in the character of the note. Gillaspie v. Kelley, 41 Ind. 158, 13 Am. Rep. 318. But the rule seems to be well established that if a person signs and delivers a paper in blank, or partly in blank, as to date, payee, where payable, and the like, and which shows upon its face that such blanks must be filled to complete the paper in accordance with the general character of the instrument, the filling of such blank by the payee, with words and figures, appropriate and adequate, to supply the deficiency, is not such an alteration as will invalidate the paper, as to one who takes it for value, and without notice—provided, the insertions leave the note fair upon its face and without marks, or evidence to arouse the suspicions of a cautious man.

Concerning the general subject the test of Mr. Daniel on Negotiable Instruments, § 1405, has been quoted approvingly by the highest court of at least five of the states, as follows: "When the drawer of the bill or the maker of the note has himself, by careless execution of the instrument, left room for any alteration to be made, either by insertion, or erasure, without defacing it, or exciting suspicions of a careful man, he will be liable upon it to any bona fide holder, without notice, when the opportunity which he has afforded has been embraced, and the instrument filled up with a larger amount, or different terms than those which it bore at the time he signed it. * * * The inspection of the paper itself furnishes the only criterion by which a stranger, to whom it is offered, can test its character, and when the inspection reveals nothing to arouse the suspicions of a prudent man, he will not be permitted to suffer when there has been an actual alteration." The distinction, the decided weight of authority seems to make, is this: When a note is, before delivery, made complete in accordance with its general character, and is free from words and unscored blanks reasonably indicating incompleteness, the unauthorized addition of words or figures by the filling of unoccupied blanks or parts of blanks, or otherwise, is such an alteration, if material, as will make the paper void in the hands of the forger, or any one claiming under him. Thus, a "promise to pay one year after date to J. H. Gibson or bearer, $200 with interest, value received, without relief from valuation or appraisement laws," is a complete note under our statutes, and the insertion between the words "interest" and "value" on a blank line of the words "payable at the First National Bank of Kendalville" was a material alteration that invalidated the note not only in the hands of the perpetrator, but also against one who had become the owner for value and without notice. McCoy v. Lockwood, 71 Ind. 319. So, also, a note "payable to the order of G. H. Fitzmaurice, at Covington, Ind.," was sufficient, as to place of payment, for a statutory note, and the insertion by the payee, after delivery, of the words "The Farmers' Bank," in the unoccupied space between the words "at" and "Covington" was fatal to the instrument as against any holder. Cronkhite v. Nebeker, 81 Ind. 319, 42 Am. Rep. 127.

On the other hand a note made "payable at ——— bank at Frankfort" clearly indicates that it was the intention to make the note payable at some bank in Frankfort, and the maker having delivered the note without designating the particular one, the instrument, as to an innocent holder, carried upon its face implied authority to the payee to fill in the blank apparently left for that purpose. Gillaspie v. Kelley, 41 Ind. 158, 13 Am. Rep. 318. Likewise a note, in all other respects full and complete in its terms, was delivered to the payee reading "payable at ———." It was held that the note imported upon its face an intention to make it negotiable, or to fix a place of payment—and the filling of the blank space and line following the word "at," with "The First National Bank of Spencer," by the payee did not invalidate the note as against an innocent assignee.

The rule is thus stated by Tiedeman on Commercial Paper, §397: "If the party whose liability has been changed by the alteration, could not, by the exercise of reasonable diligence, have prevented it, he is not liable on the paper, even to a bona fide holder. But if he has so executed the paper, viz., by leaving blank and uncanceled spaces, as to enable alterations to be made in such a way as not to excite the suspicion of a reasonably prudent man, such a party is guilty of negligence, which renders him liable on the altered instrument to a bona fide holder."

The case under consideration falls particularly within the class to which those last above cited belong. Appellee executed to Bernard & Hunter a perfect note, except when delivered it contained the word "at" standing at the left end of a blank line and space extending across the paper. This word and line were unscored and unmarked, and appeared in the instrument as indicating an intention to fix a place of payment but which had not been determined when the note was placed in the hand of the payee. Without cancellation, the word and line were meaningless upon any other theory. If the purpose had been to make the note payable wherever it might be found, when due, it could have been clearly accomplished only by marking out the word "at" and following line. In any aspect, appellee delivered his note with an uncanceled word and space which irresistibly suggested incompleteness in the instrument for want of the place of payment, and which made it easy to effect an alteration without exciting the suspicion of a reasonably cautious person. It is alleged in the reply that the place of payment was inserted in the blank space in the same handwriting and with the same colored ink as the other written portions of the note, and that there was nothing about the paper, when purchased by appellant, that in any way impeached its integrity.

PAYMENT OF OVERDRAFT—LOSS TO BE SUSTAINED BY BANK—DEPOSITOR—FAILURE TO EXAMINE ACCOUNT—WRONGFUL CHECKS BY AGENT.

MERCHANTS NATIONAL BANK OF PEORIA vs. NICHOLS & SHEPARD CO.

Supreme Court of Illinois, Oct. 23, 1906.

If a corporation fails to examine a pass-book, canceled checks, and check stubs, in the hands of an agent, who opened an account with a bank, in its name, and overdrew on the same, it is not estopped to deny its liability to the bank, in suit by the latter, to recover the amount of the overdraft.

It is not necessary that a depositor should examine personally his account, unless ordinary prudence on his part demands it, and he may be guilty of no negligence in committing the examination of his bank account or checks, in the ordinary course of business, to clerks or agents. So held the Supreme Court of Illinois, in the case of Merchants' National Bank of Peoria vs. Nichols & Shepard Company.

CARTWRIGHT, *J.:* It is contended that the defendant was estopped to deny its liability to plaintiff by its failure to examine this pass-book, canceled checks, and check stubs in the hands of Harte at Peoria. The pass-book was balanced monthly and showed several small items of interest, and it is said that an examination would have led to information that Harte was overdrawing the account at times, and, if defendant had given timely notice that overdrafts were unauthorized, the overdraft for which this suit was brought would not have been permitted. In support of that argument a number of cases are cited where there were successive forgeries of checks which were paid, and it was held that where there was no negligence on the part of the bank, and the depositor was negligent in failing to examine his account and returned checks, thereby enabling the forger to repeat his fraud or depriving the bank of an opportunity to obtain restitution, the depositor should be held responsible for the damages caused by his want of ordinary care.

In the case of Manufacturers' National Bank vs. Barnes, 65 Ill. 69, 16 Am. Rep. 576, the principal had given a clerk, who was bookkeeper and cashier, a power of attorney authorizing him to draw checks on the bank for 15 days, and this power of attorney was lodged with the bank. After the expiration of that time the clerk continued to draw occasional checks and appropriated the proceeds, with the exception of a part which were used in paying debts of the firm. There was judgment for the amount of the checks drawn, less the sum applied to such debts, for which the firm gave the bank credit. The pass-book had been several times written up, and the paid checks returned, and this had been attended to by the same clerk; the principal not making any personal examination of the account. The bank had notice of the extent of the authority, and it was held guilty of great negligence in paying the unauthorized checks, and not to have been excused for its negligence by a failure of the depositor to examine the checks which had been returned.

It is not necessary that a depositor should personally examine his account unless ordinary prudence on his part demands it, and he may be guilty of no negligence in committing the examination of his bank account or checks, in the ordinary course of business, to clerks or agents. Even if the plaintiff in this case had not been negligent, the defendant performed any supposed duty to the bank if it did not omit anything which ordinary prudence required. The conclusive answer, however, to the claim of the plaintiff, was that it was itself negligent in not ascertaining the authority of Harte and in paying the checks. The overdraft was not permitted because the plaintiff relied upon an examination of the account by the defendant. There was no reason to suppose that the pass-book would be sent to Battle Creek, or that it or the paid checks would come under the inspection of defendant's officers. The defendant knew nothing about the account in the pass-book, and notice to Harte was not notice to the defendant of what he was doing. To the general rule that notice to the agent is notice to the principal, there is a well-defined exception that notice will not be imputed to the principal where the facts authorize the inference that the agent will conceal the information. That is the presumption where it would be detrimental to the agent's interests to disclose the facts.

The last proposition of law contended for is that the defendant is liable because the checks which created the overdraft were given in the business of the defendant, with the exception of $95.52, which went to Harte. In the case of First National Bank of Las Vegas vs. Osborne.

121 Ill. 25, 7 N. E. 85, the principal was permitted to deny the authority of the agent to execute a guaranty, but only upon restoring the money received as the result of the agent's act; but in this case the defendant was the loser to the amount of Harte's defalcation after crediting the proceeds of the checks. While most of the checks creating the overdraft were given by him for expenses, they were, in fact, to replace money which he had misappropriated. He was short in his account to the amount of $2,225.57, and we do not think that justice required the defendant to add to its loss the amount sued for.

The judgment of the appellate court is affirmed.

Judgment affirmed.

PAYMENT OF FORGED CHECK—LIABILITY—DEPOSITS—ACTION BY DEPOSITOR.

YARBOROUGH VS. BANKING, LOAN AND TRUST CO.

Supreme Court of North Carolina.

If a bank pays money on a forged check, it can neither charge the same against the account of the drawer, nor place the duty upon him to seek to recover the amount from the person who received it. The burden of proving payment of a deposit, that it admits having received, is upon the bank. Such is the decision of the Supreme Court of North Carolina, in the case of Yarborough vs. Banking, Loan and Trust Company.

Plaintiff, a married woman, deposited during the month of December, 1904, in defendant banking company the sum of $1,200, which was duly credited to her account, and deposit ticket sent her. On September 21, 1905, she drew a check on the bank for said deposit, payment of which was refused, said check returned to her indorsed "No funds." This action is prosecuted to recover the amount of said deposit. Defendant admitted that plaintiff made the deposit, but by way of defense alleged: That on December 23, 1904, a check for the amount thereof, to which plaintiff's name was signed, payable to the National Bank of Fayetteville, was presented to, and paid by, defendant. That thereafter, about January 1, 1905, at the end of the current month, the regular monthly statement of the plaintiff's account, together with said check as a voucher, was mailed, addressed to her at Hope Mills, N. C. That defendant received no notice of any objection thereto until September, 1905. That the proceeds of said check were placed to the credit of plaintiff's husband, J. R. Yarborough, in said National Bank of Fayetteville, and that plaintiff was notified thereof, and acquiesced in and ratified the same, drawing checks thereon.

Defendant, for a further defense, alleged: That the check of the plaintiff, or what purported to be her check, for the sum of $1,200 in favor of the National Bank of Fayetteville as payee, which was presented to and paid by the defendant on or about the 23d day of December, 1904, was duly indorsed and forwarded for collection by the said National Bank of Fayetteville. That the said National Bank of Fayetteville was at that time, and still is, a solvent bank, and that the defendant relied on their indorsement as a guaranty of the genuineness of the signature of the plaintiff, the defendant not having the plaintiff's signature on file, and paid the check without question. That if there is any liability on the part of any one to the plaintiff, the liability exists against the said National Bank of Fayetteville, which is a necessary party to this action.

For a further defense the defendant alleges: That in paying the check, or what purports to be the check, of Amanda Yarborough for the sum to $1,200 to the payee, the National Bank of Fayetteville, as alleged, it relied, not only upon the indorsement of said bank as a guaranty, but also upon the established usage among banks which requires that a check made payable to a bank shall be placed to the credit of the drawer, or his order alone. That as the defendant is informed and believes, the said National Bank of Fayetteville, contrary to all usage, precedent, and law, placed the said fund to the credit of the said J. R. Yarborough, the plaintiff's husband, and paid out the said fund upon his checks, rendering the said National Bank of Fayetteville liable to it for said sum, or liable to the plaintiff should she be entitled to recover.

Plaintiff, in her reply to the new matter contained in the answer, denied that she had signed the check of December 23, 1904, or that she had received the statement of January, 1905, or that she knew of or had acquiesced in or ratified the transfer of the amount of her deposit in defendant bank to the credit of her husband in the National Bank of Fayetteville. The following issues were submitted to the jury:

"(1) Did plaintiff, Mrs. Yarborough, deposit $1,200 with the defendant, as alleged? Ans. Yes. (2) Did the defendant pay to the National Bank of Fayetteville $1,200 upon a check signed by the plaintiff, as alleged in the answer? Ans. No. (3) did the plaintiff know that the $1,200 had been transferred to the National Bank of Fayetteville, and that it was deposited there to the husband's credit, and did she ratify such transfer? Ans. No." There was a judgment upon the verdict, and defendant appealed.

Connor, *J:* The only question to be passed upon by the jury were whether the plaintiff signed the check, and, if not, whether she had ratified the payment of her money to her husband. The sections of the answer made no admission in respect to either of these issues. The purpose of the pleader was to set up an independent defense by suggesting that, conceding the plaintiff's contention, which was in other parts of the answer denied, her remedy was against the Fayetteville bank. This was insisted upon, for the manifest reason that it was not available. If defendant paid out plaintiff's money on a forged check, it could not cast upon her the duty of seeking to recover it from the corporation which received it. It is well settled that a bank is presumed to know the signature of its customers, and if it pays a forged check, it cannot, in the absence of negligence on the part of the depositor, whose check it purports to be, charge the amount to his account. In response to the prayer that if the jury should find that defendant paid the individual check of the plaintiff duly presented to it in the ordinary course of business, it should answer the first issue "Yes." His honor instructed the jury that if the defendant had shown by the greater weight of the evidence that plaintiff signed the check, they should answer the issue "Yes." We think this was a substantial compliance with the prayer and the correct statement of the law; the defendant having admitted the deposit, the burden was upon it to show payment. In response to the prayer that "if the jury shall find from the evidence that the plaintiff, during the month of January, February, or March, 1905, had knowledge that her money, to wit, $1,200, had been transferred to the National Bank of Fayetteville, and stood upon its books to the credit of J. R. Yarborough, her husband, and she took no steps to have the same transferred to her name or for her use, but acquiesced in said money remaining in her husband's name, that she thereby released the defendant from all liability to her," his honor charged the jury: "If she dealt with the fund—that is, the $1,200—after it was deposited here in her husband's name, knowing it was in her husband's name, or if with a knowledge that the fund was deposited in the name of her husband she allowed it to remain there in his name for any length of time, and took no steps to have the same placed to her individual credit, these are matters which the jury may consider in determining whether she ratified the deposit in her husband's name or not; and after considering these, and all evidence bearing on this question, if the jury are satisfied by the greater weight of the evidence that she recognised and adopted the deposit in her husband's name, they will answer the third issue "yes," and, if not so satisfied, they will answer it "no." We think this a correct response to the prayer. We have examined the other exceptions, and find that his honor substantially, and we think correctly, instructed the jury in response to the phases of the case presented by them. There was evidence to the effect that the plaintiff's husband drew the money, and had it put to his individual credit in the Bank of Fayetteville. Plaintiff testified that she had no knowledge or information in regard to his conduct until February, 1905, when he notified her that he had done so and had abandoned her. She denies positively that she signed the check, or had any knowledge thereof prior to that time. In regard to the alleged ratification, the testimony was conflicting. We think that his honor correctly left the decision of the question to the jury.

Upon an examination of the entire record, we find no error.

PAYMENT OF FORGED DRAFT—RECOVERY OF AMOUNT PAID—UNRESTRICTED INDORSEMENT.

FORD VS. PEOPLE'S BANK OF ORANGEBURG.

Supreme Court of South Carolina, April 14, 1906.

To entitle the holder of a forged draft to retain the money received thereon, he should be able to show that the whole responsibility of determining the validity of the signature was placed upon the drawee, and that the negligence of the drawee was not lessened by any disregard to duty on his part, or by the failure of precaution, which from his implied assertion, in presenting the check, as a sufficient voucher, the drawee had a right to believe he had taken.

An unrestricted indorsement of a draft, and its presentation to the drawee, are a representation that the signature of the drawee is genuine.

These well-established rules are followed by the Supreme Court of South Carolina, in the case of B. B. Ford & Co. vs. People's Bank of Orangeburg.

Jones, *J:* The appeal in this case is from an order of Judge Dantzler sustaining a demurrer to the complaint with leave to amend. The complaint, omitting formal parts, states the following facts: "(3) That on January 6, 1904, the defendant, through the usual channels in the course of banking, presented to plaintiff for payment a draft for $50, dated Neeces, S. C., January 4, 1904, and purporting to be drawn by H. L. J. Blume on the plaintiffs, payable to the order of Joe Shannahan, indorsed 'Joe Shannahan' and by the defendant, of the tenor following, to wit: 'Pay to the order of Joe Shannahan fifty dollars, value received and charge the same to account of H. L. J. Blume. To B. B. Ford & Co., Columbia, S. C. No. 68.' (4) That the plaintiff paid the said draft upon presentation, upon the faith and credit of the indorsement of the said defendant, supposing said draft to be a genuine draft of H. L. J. Blume, and the money therefor was received by the defendant. (5) That the said draft was not the genuine draft of the said H. L. J. Blume, but on the contrary his name thereto is a forgery, and upon the discovery of the same the plaintiffs, on January 11, 1904, notified the defendant thereof, and demanded the return of the said $50 so paid by the plaintiffs to defendant as aforesaid, but the said defendant refused and still refuses to pay the same."

Judge Dantzler sustained the demurrer.

Both sides appeal. The plaintiff contends that the demurrer should not have been sustained, as the case should be governed by the principal announced in Glenn vs. Shannon, 12 S. C. 570, which is: "Where money is paid under a mistake of fact to a person who has no ground in conscience to claim it, the person paying it may recover it back."

The plaintiff also contends that if the question of defendant's negligence is involved the complaint alleges such negligence by stating in effect that the defendant indorsed a forged draft on plaintiff and presented the same so indorsed, through the usual channels of banking, and that said draft was paid by plaintiff upon the faith and credit of such indorsement, supposing the draft to be genuine. The defendant contends that the demurrer should have been sustained absolutely without leave to amend, under the commercial rule that the drawee of a bill of exchange or check is presumed to known the signature of the drawer and cannot recover back the money paid thereon to a bona fide holder. The defendant contends that such presumption is conclusive in this case, as the complaint shows that defendant was a bona fide holder.

1. The rule which protects a bona fide holder in his right to retain money paid by the drawee upon a bill or check to which the drawer's signature is afterwards discovered to be forged was first announced by Lord Mansfield in Price vs. Neal, 3 Burr, 1355, decided in 1762, was followed by Justice Story in Bank of United States vs. Bank of Georgia, 10 Wheat. 333, 6 L. Ed. 334, decided in 1825, and has received such recognition in this country, as will appear by reference to cases cited in 5 Ency. Law, 1071, 1072, Germania Bank vs. Boutell, 27 L. R. A. 635, and note, and in note to People's Bank vs. Franklin, 17 Am. St. Rep. 890. An examination of the case of Price vs. Neal, supra, and of the best-considered cases following its doctrine, will show that the question of the holder's fault or negligence in acquiring possession, or in his conduct in misleading the drawee into payment or throwing him off his guard, may affect the question whether in equity and good conscience he should be allowed to retain the money. In Price vs. Neal, Lord Mansfield remarked that the holder acquired the bill for value without suspicion of the forgery, was guilty of no fault or neglect, and that if there was any fault or negligence it was on the part of the drawee.

We think the true rule is found stated in the case of National Bank vs. Bangs, 106 Mass. 441, 8 Am. Rep. 349, approved in Bank of Danvers vs. Bank of Salem, 151 Mass. 280, 4 N. E. 44, 21 Am. St. Rep. 451. The language of the court in the last cited case, after stating that the presumption is that the drawee bank knows the signature of its own customers, is as follows:

"This presumption is conclusive only when the party receiving the money has in no way contributed to the success of the fraud or the mistake of fact under which the payment has been made. In the absence of actual fault on the part of the drawee, his constructive fault in not knowing the signature of the drawer and detecting the forgery will not preclude his recovery from one who took the check under circumstances of suspicion without proper precaution, or whose conduct has been such as to mislead the drawee or induce him to pay the check without the usual security against fraud. Where a loss, which must be borne by one of two parties alike innocent of forgery, can be traced to the neglect or fault of either, it is reasonable that it should be borne by him, even if innocent of any intentional fraud, through whose means it has succeeded. To entitle the holder to retain money obtained by a forgery, he should be able to maintain that the whole responsibility of determining the validity of the signature was placed upon the drawee, and that the negligence of the drawee was not lessened, and that he was not lulled into a false security by any disregard of duty on his [the holder's] own part, or by the failure of any precaution which from his implied assertion in presenting the check as a sufficient voucher the drawee had a right to believe he had taken."

2. In view of this statement of the rule, the question whether the demurrer was properly sustained depends upon the meaning to be attached to the alleged presentation and indorsement of the draft by the

defendant. Does such presentation and indorsement to the drawee represent that the signature of the drawer is genuine, or does it merely represent that the instrument is genuine as it purports to be in all respects, except as to the signature of the drawer, which the drawee is presumed to know? Mr. Daniel, in his work on Negotiable Instruments, takes the view that an indorsement engages that the bill or note is genuine, Volume 1, §§ 672, 673; volume 2, §1361. The case of Germania Bank vs. Boutell, supra, 51 Am. St. Rep. 579, takes the view that an indorsement by a holder other than the original payee constitutes no representation or guarantee to the drawee that the signature of the drawer is genuine, but we think that the weight of reason and authority is against that view, at least to the extent that an unrestricted indorsement is calculable to mislead the drawee into a belief that the paper was what it purported to be.

From what has been said it must follow that the facts stated in the complaint constitute a cause of action, and that the defendant's demurrer should have been overruled.

The judgment of the circuit court is reversed.

REFUSAL TO PAY CHECK—RIGHTS OF DEPOSITOR—TEMPERATE DAMAGES.

Lorick vs. Palmetto Bank and Trust Co.

Supreme Court of South Carolina, April 14, 1906.

If a bank refuses to pay the check of a depositor, on the ground that the funds were deposited, by mistake, in the savings department of the bank, it is liable to the depositor for temperate damages. So held the Supreme Court of South Carolina, in the suit of Lorick vs. Palmetto Bank and Trust Company. On March 14, 1903, the plaintiff deposited $313.75, to be paid out on the check of the plaintiff during banking hours. Plaintiff issued a check to one Harris, or bearer, for $13.75, on July 2, 1903. The holder presented the check to the bank, and was informed that the drawer had funds in the bank sufficient to pay the check, but they were deposited in the savings department of the bank, the rules of which required that all checks presented for payment should be accompanied by the pass-book. The holder of the check thereupon left the bank. Later the bank admitted its mistake, namely, that the funds were not deposited in the savings department, but were really subject to the check of the depositor. The mistake was discovered when the depositor presented the pass-book. The depositor declined to accept payment of the check which was offered at that time. Suit for damages was brought. Judgment was entered for the defendant, and the plaintiff appealed.

Pope, *C. J.:* When the judge charged the jury "that if the jury believed that there was no positive and unqualified refusal to pay, they should find for the plaintiff," he was in error in this case; for the action of the bank on presentation of the check was tantamount to a refusal to pay. There was no mistake on the part of the plaintiff. The error was committed by the defendant. The judge should have charged that the jury should have found a verdict for temperate damages.

It is the judgment of this court that the judgment of the circuit court be reversed, and the action remanded to the Circuit court for a new trial.

CERTIFICATE OF DEPOSIT—BONA FIDE PURCHASER—CERTIFICATE OF DEPOSIT—CONDITIONAL CREDIT—CONSIDERATION.

COMMERCIAL NATIONAL BANK OF COUNCIL BLUFFS VS. CITIZENS' STATE BANK.

Supreme Court of Iowa, October 22, 1906.

A bank does not become a bona fide purchaser, in due course of business, of a certificate of deposit received from a bank that is indebted to it, if it gives merely a conditional credit on account of the same. In reversing a judgment for the plaintiff, the Supreme Court of Iowa, so decides, in the case of the Commercial National Bank of Council Bluffs vs. the Citizens' State Bank of Armour, S. D., et al.

SHERWIN, *J.:* The defendant bank issued to its codefendant Dwyer a certificate of deposit for $850, on which it afterward paid, and there was indorsed, $50. On April 5, 1904, Dwyer indorsed the certificate in blank, and delivered it to the Buck Grove Bank of Buck Grove, Iowa, for collection. The Buck Grove Bank was a private banking institution, owned and operated by the owner and operator of the Exchange Bank of Dow City, Iowa. The former bank sent the certificate to the latter on the day that it received it, and from there it was sent to the plaintiff bank, where it was received on April 6. The Exchange Bank was at the time indebted to the plaintiff, and, upon receipt of the certificate, the amount thereof was credited on the books to the Exchange Bank, and the certificate was forwarded for payment by the defendant bank. On the same day that Dwyer left the certificate with the Buck Grove Bank, a receiver was appointed for that bank and for the Exchange Bank; both of them having been insolvent for some time prior thereto. At the close of the evidence the jury was instructed to find for the plaintiff, and thereafter the defendants moved for judgment notwithstanding the verdict.

The controlling question in this case is whether the plaintiff was a bona fide purchaser in the due course of business, and our conclusion thereon makes it unnecessary to consider the other questions argued by the appellants. The certificate was payable on demand and the return thereof, and was a negotiable instrument. But the undisputed evidence shows that the plaintiff did not give the Exchange Bank absolute credit therefor. The credit given was provisional; that is, if the certificate was paid by the issuing bank the credit became absolute thereafter, but if it was not so paid the same was to be charged back to the Exchange Bank. This was nothing more than a conditional credit, and the plaintiff did not thereby become a bona fide purchaser, either under the general law or by virtue of the statute relating to negotiable instruments.

In this case not even an unconditional credit was given, and it is manifest that the plaintiff bank parted with nothing of value in the transaction. The receipt of the certificate of deposit did not make the plaintiff a debtor for its amount, and by the custom of the banks it would not become such debtor until after collection of the proceeds thereof, and after it obtained possession of the money.

In City Deposit Bank vs. Green, 106 N. W., 942, the bank discounted paper, giving its depositors credit for the proceeds upon its books. We held that the bank was not a bona fide holder of the paper unless some other and valuable consideration passed. In this case not even an unconditional credit was given, and it is manifest that the plaintiff bank parted with nothing of value in the transaction. The receipt of the certificate of deposit did not make the plaintiff a debtor for its amount and by the custom of banks it would not become such debtor until after collections of the proceeds thereof, and after it obtained possession of the money.

Code Supp. 3060 a 25 defines what constitutes consideration under the negotiable instruments acts and says, "Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes value," etc. It makes no provisions for a conditional credit, a credit that may or may not become absolute, and hence its aid cannot be invoked in behalf of the plaintiff's contention. We are clearly of the opinion that the defendants were entitled to a judgment on the record, and the court erred in denying their motion therefor. The case is reversed and remanded for judgment in harmony therewith.

Reversed and remanded.

CASHIER'S CHECK—HOLDER IN DUE COURSE—REASONABLE TIME—CONSIDERATION—ANTECEDENT DEBT—STATUTE.

SINGER MANUFACTURING COMPANY vs. SUMMERS, ET AL.

Supreme Court of North Carolina, November 21, 1906.

Under a statute providing that, where an instrument payable on demand is negotiated an unreasonable length of time after its issue the holder is not deemed a holder in due course, it is held by the Supreme Court of North Carolina that, where a cashier's check was issued May 18, 1904, and indorsed May 23, 1906, the time was not unreasonable.

An antecedent debt is sufficient consideration for a negotiable instrument to render one a holder for value, according to an express provision of the statute.

On May 17, 1904, G. A. Summers, then acting as agent of the plaintiff company, deposited in the City National Bank of Greensboro a sum of money belonging to the plaintiff company amounting to $1,396.89; that this deposit was made in his own name, and, on the 18th of May, 1904, the said Summers, adding other money to this, obtained a cashier's check from the defendant bank for the sum of $1,824, and that this was done by Summers with intent to embezzle and misappropriate the plaintiff's money so deposited; that on May 28, 1906, the plaintiff endorsed this check to F. D. Fuller, residing in Sylvatus, Va., the consideration claimed being a debt of $328 then due by Summers to Fuller, the remainder of the purchase money being paid in cash. There were circumstances from which the plaintiff claimed that the purchase of this check on the part of Fuller was neither in good faith nor for value. The defendant denied the fraud, claiming that the check was negotiated in good faith, and the defendant Fuller was a holder of the same in due course. There were facts which showed that Summers was insolvent and that Fuller resided in the state of Virginia.

The cause was submitted to the jury on the following issues: (1) Did the defendant Summers embezzle and fraudulently misappropriate $91,396.99 of the moneys of the plaintiff company and fraudulently use the same in the purchase of a cashier's check of May 18, 1904, issued by the National Bank of Greensboro at $1,828? (2) Did the defendant F. D. Fuller, at the time he took the check have knowledge of that fraud and take the check in bad faith. The jury, under the charge of the court, and on the testimony, answered the first issue, "yes," and the second issue, "no." On the verdict, there was judgment for the defendant, and plaintiff excepted and appealed.

The trial court charged the jury thus: "The burden of proof is upon the plaintiff to show that Fuller had knowledge of the fraud alleged and took the check in bad faith or without value, and, if the plaintiff fails to satisfy the jury by the greater weight of evidence, they should find the second issue in favor of the defendant Fuller and answer the issue 'no'." The Supreme court holds there was error in this charge as to the burden of proof, and orders a new trial. The court says the burden was on the defendant, claiming to be a purchaser in good faith for value and without notice, to make this claim good by the greater weight of the evidence.

Hoke, *J.:* The property in controversy being represented by a cashier's check, a negotiable instrument, the rights of the plaintiff and defendant will largely depend upon our statute on negotiable instruments. (Revisal 1905, vol. 1, c. 54.) Under this statute, these checks, whether certified or otherwise, are classed with bills of exchange payable on demand, and, if negotiated by indorsement for value without notice, and within a reasonable time, a holder can maintain the position of a holder in due course. (Chapter 54, Revisal 1905, §§ 2335, 2336.)

As pertinent to this inquiry, sections 2201, 2202 of this chapter are as follows: "A holder in due course is a holder who has taken the instrument under the following conditions: (1) That the instrument is complete and regular upon its face. (2) That he became the holder of it before it was overdue and without notice that it had been previously dishonored, if such was the fact. (3) That he took it for good faith and value. (4) That, at the time it was negotiated to him, he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it." (Section 2201.) "Where an instrument payable on demand is negotiated an unreasonable length of time after its issue, the holder is not deemed a holder in due course." (Section 2202.) And section 2343 of the same chapter provides that, in determining what is a reasonable or unreasonable time, regard is to be had to the nature of the instrument and the facts of the particular case. What constitutes reasonable time will vary under the facts and circumstances of different cases, and this statute expresses as definite a rule as could well be established or considered desirable. On the facts of this case we think, and so hold, that, so far as time is concerned, this negotiation was undoubtedly within a reasonable time.

Again, it will be noted that the defendant Fuller, according to the claim made by him, purchased and paid for this check partly in a pre-existing debt due from Summers to himself. Many of the courts have heretofore denied that such an indebtedness was sufficient consideration to constitute one a holder for value within the meaning of the law merchant, our own among the number. (Brooks vs. Sullivan, 129 N. C. 190, 39 S. E. 822.) But the statute on this question, section 2173, enacts "that an antecedent or pre-existing debt constitutes value and is deemed such whether the instrument is payable on demand or at a future time." If defendant's statement is accepted no objection can be made, therefore, to the consideration because same was in part a pre-existing debt, this being declared sufficient by the express terms of the statute.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

INSOLVENCY—RIGHTS OF SECURED CREDITOR AFTER VALUATION OF HIS SECURITY—ASSIGNMENTS ACT.

Bank of Ottawa vs. Newton (16 Man. Reports, p. 242).

Head Note: When the assignee under an assignment for the benefit of creditors, made pursuant to The Assignments Act (R. S. M. 1902, c. 8.) has failed within a reasonable time to exercise his right to take over the securities held by a creditor at ten per cent. over the amount at which the creditor has, under section 29 of the act, valued them, the creditor has the right to collect what he can from the securities and rank for dividends on the estate as a creditor for the full amount of the difference between his total claim and the valuation made, although he may have collected on the securities more than the amount of the valuation. provided he shall not receive in all more than 100 cents on the dollar. Under such circumstances the creditor cannot be required to re-value his securities.

Statement of Facts: A trading firm owed the plaintiffs, and had given security for the debt. The debtors afterwards assigned, under the provisions of the Assignments Act, (R. S. M. 1902 c. 8.) to the defendant, who was an official assignee. The plaintiffs proved their claim at $5,390.25, valued the security at $3,612.03, and claimed to rank on the estate for $1,778.22. The defendant did not expressly consent to the plaintiffs' ranking for the $1,778.22 and did not require them to assign the security to him. The defendant could, within thirty days from the filing of the claim, have ascertained the value of the security. The plaintiffs realized from part of the security $4,547.07 and incurred $456.14 for the costs in so doing.

On January 9, 1905, defendant served plaintiffs with a notice, disputing their claim to rank for the $1,778.22, and on June 21, 1905, the plaintiffs brought their action, asking a declaration that they were entitled to rank for that sum.

The plaintiffs contended that, as the defendant delayed to elect, under section 29 of the act, beyond what constituted a reasonable time to enable him to value the security, he should be held to have thereby assented to its retention by the plaintiffs.

They further claimed that such alleged assent vested in the plaintiffs an absolute title to the assets covered by the security, and thereby satisfied their claims to the extent of $3,612.02, the amount at which they had valued the security. They took the position that, as a result of the above, they took the assets as absolute purchasers, freed from all equities in favor of the assignee or the debtor or the estate, and that they were not bound to account for their dealings with those assets.

Judgment: (Howell. C. J. A.; Perdue J. and Phippen J. A.): Without the provision of the statute as to valuation the creditor could prove for his whole claim and, after recovering the dividend, collect on his security, and thus receive 100 cents on the dollar. The statute has taken away this right to a certain extent, by enacting that the creditor shall value his security—which he was not bound to do at common law—and giving the assignee a right to take over the security on payment of an advance of ten per cent. on this valuation—again interfering with the creditor's Common Law rights.

Section 29 of the Assignments Act declares that the creditor shall rank and vote for this balance as a creditor of the estate; to give him this right his position must be settled early so that he and the other creditors may know the position he occupies, and this can only be done by the assignee deciding what course he will take. It does not seem reasonable for the assignee to refuse or neglect to elect and leave the creditor to decide whether he should perhaps incur great expense or run great risk with the security, not knowing what the assignee will do.

By sections 6 and 7 the property in the security subject to the right of the creditor is vested in the assignee. He is entitled to what might be called the equity of redemption and can dispose of it, and he can practically compel the creditor to buy this security at the valuation put on by the latter or sell it for an advance of ten per cent., at the assignee's election, and by this election fix the creditor's voting and ranking power on the estate. It seems to me it follows that in the meantime, and until the assignee elects, the rights of the creditor to deal with this security are suspended.

My view of the law is that he must elect in a reasonable time, taking into consideration the character of the estate, the probable length of time required to look into the security and the nature of the security.

It would be unreasonable for the assignee to delay, as he has done here, and I think it must be held that he has, by his acquiescence, elected to compel the creditor to retain his security as valued and ranking for the balance. Mr. Robson only asks for that portion of the dividend on the sum for which the plaintiffs ranked on the estate, which, with the money received on the security, (less the costs of collection) will make up 100 cents on the dollar of their claim, and he consents on receiving it to transfer the remainder of the security to the defendant. I think the plaintiffs are, at least, entitled to this.

The deed of assignment is not before us, nor is the debtor, and it may be that the debtor has claims or rights under the deed against the assignee and his creditors. These rights, if any, have not been considered.

The amount for which the plaintiffs are entitled to rank on the estate is $1,778.22, and the plaintiffs will, out of the dividend thereon, receive a sum sufficient, with the moneys already collected, to pay not more than 100 cents on the dollar of the original claim. The plaintiffs will transfer to the defendant the balance of the security.

The plaintiffs must have the costs of appeal and the costs below.

BANKS AND BANKING -- SECURITY FOR ADVANCE — ASSIGNMENT OF GOODS—CLAIM ON PROCEEDS OF SALE.

The Union Bank of Halifax vs. Spinney, et al. (38 S. C. R. page 187).

Head Note: A bank to which goods have been transferred as security for advances under sec. 74 of the Bank Act, 1890, can follow the proceeds of sale of said goods in the hands of a creditor of the assignor to whom the latter has paid them when the purchaser knew, or must be presumed to have known, that the same belonged to the bank.

Statement of Facts: The defendant Churchill was a wholesale corn dealer, who obtained advances from the plaintiffs on the endorsement of the defendant Spinney and others. It was also the custom whenever an advance was made for Churchill to hypothecate the corn to the bank under Section 74 of the Bank Act.

In September, 1903, a cargo of corn arrived for Churchill, the bill of lading having attached a draft for $5487.47. The plaintiff bank refused to pay this draft until Churchill promised to pay in more securities, hand over accounts on his customers and hypothecate the corn. On this being done the bank paid the draft and Churchill immediately went to Spinney, told him his exact position and his promises to the bank, but at the same time gave to Spinney drafts on his customers from which Spinney collected $2011.77. This action is brought by the bank to recover these moneys so collected.

The corn in respect of which the bank had paid the draft for $5487.47 was ground up and sold and the proceeds applied to other purposes.

The trial judge gave judgment in favor of the bank, but this was reversed by the Supreme Court of Nova Scotia. This appeal was taken to the Supreme Court of Canada, and was heard by Fitzpatrick, C. J., and Davies, Idlington, Maclennan, and Duff J J.

Judgment: The judgment of the court was delivered by Davies, J. who, after reviewing the evidence, proceeded. "The only conclusion I have been able to draw is that a gross and manifest fraud was carried out by Churchill upon the bank and that the proceeds of the meal which Churchill was bound to pay over to the bank were fraudulently diverted from the bank to Spinney and Churchill's other indorsers and creditors, and that, so far as Spinney is concerned, with whom alone we have to deal, he had either full knowledge of all the essential facts which went to make up the fraud, or, at the very least, such knowledge as put him upon inquiry. With the knowledge of the facts which Spinney had it was inequitable and unjust for him to conspire with Churchill to divert the proceeds of the meal sold by Churchill from the bank, where he should have placed them and where he was bound by his obligation to the bank to place them, to the pockets of a third person. Churchill's action in so diverting these proceeds was, in my judgment, fraudulent, and the knowledge which Spinney either actually had or which the law imputes to him under the circumstances makes it contrary to all equity that he should be allowed to retain moneys which he knew or ought to have known belonged to the bank.

The meal being admittedly the bank's, the conditional authority it gave to Churchill to sell the same to his customers and turn over, either the moneys received in payment or the drafts made upon the customers for the price of the meal sold them, gave the bank an equitable right to these proceeds and these drafts as between it and Churchill.

A payment to Churchill either of the price of meal bought or the draft given for the price by a bona fide purchaser for value without notice would, no doubt, discharge the purchaser from further liability.

But Spinney was not such a bona fide purchaser or a purchaser at all. He was a volunteer simply. A man who had incurred a collateral liability to the bank for advances made on the security of certain meal, the proceeds of the sale of which he knew or must be held under the circumstances to have known, the bank was entitled to receive from Churchill whom they had authorized to sell the meal and, with this knowledge, conspired with Churchill to divert these proceeds into his own pockets without, as far as I can see, any consideration.

The cardinal error, if I may say so, underlying the judgments of the court below is that the bank's security did not, under the circumstances, cover the proceeds of the sale of their corn and meal, but only the corn and meal in specie. They failed to appreciate the effect of the conditional authority to sell given to Churchill upon those persons who were either purchasers of the meal without valuable consideration or with notice actual or legal of the facts or were mere volunteers, such as Spinney was here.

If Churchill had held this meal subject to the bank's claim, as is admitted, or the proceeds of the meal, when sold, subject to his obligation to pay them to the bank as the owner of the meal, as I hold he then did, it is clear beyond reasonable doubt that no one, not being a bona fide purchaser for value and without notice, could succeed by an agreement with Churchill in diverting such proceeds into his own pocket. It would be a fraud, deliberate and manifest, on Churchill's part, and ignorance alone would enable the party agreeing with him to escape liability for the fraud; but if the alienee was a mere volunteer, such as Spinney, he would be liable for the funds which came to his hands with or without notice.

I think the appeal should be allowed with costs and the Judgment of Graham, J., restored."

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

ENDORSEMENT OF ITEMS PAID THROUGH CLEARINGS.

LIND, Wash., Apr. 29, 1907.

Editor Bankers' Magazine:

SIR: As a subscriber to your MAGAZINE for a number of years, will you please have the kindness to inform me in regard to the endorsement of items paid through our clearings with another bank doing business here. As there are only two banks here, we have no clearing-house association, but call upon each other every day for the exchange of checks. We use a rubber stamp as our endorsement, as per sample herewith, which the other bank objects to, claiming that we should add "Endorsements Guaranteed." Is this correct? CASHIER.

(Sample Stamp.)

Received Payment
Through the Clearing House
MAR. 19, 1907
BANK OF LIND.

Answer. By the rules of the New York Clearing-House, and by those of other clearing-house associations, the stamp of the bank receiving payment operates as a guaranty that the endorsements are genuine. But where, as in the case stated by you, there is no such rule, the bank to which payment is made stands in the position of any other holder presenting paper for collection. If the endorsements are not genuine, the paying bank may, as a general rule, recover the money as money paid under a mistake of fact, though this right of recovery may not exist under certain circumstances, as, for example, where the paper has been endorsed "for collection," and the proceeds paid over to the principal. We think, therefore, that the other bank is correct in its position.

USES OF THE STOCK EXCHANGE.

THE corporations formed to conduct the manufactures, trade, transportation and commerce of civilized nations depend upon capital to finance them, by investment in their stock and bonds. Without capital in large amounts, development on a great scale could never be undertaken, and nations would lapse into primitive agriculture and hand-to-hand barter, and country gentlemen would be driving their own flocks over trackless plains—and when I say trackless, I mean absolutely without railroad tracks; and the world would drop lazily back to outdoor life in the time of Abraham.

But if capital has come to be invested in the shares of stock and in the bonds of industrial and railway enterprises, these shares and bonds are dead weight to the investor desiring to sell them, if there is no central market for their purchase and sale. He must seek some one to buy them, by house to house canvass, and at each offer of them, reduce the price. They would, in some such cases, become almost worthless—in other words, would have no liquidity or mobility, and this is one of the great benefits of the stock exchange, in that it furnishes what is a most vital necessity—that it gives the investor the opportunity to sell at a moment's notice for cash, and at a price which is near its value, the security which, for one reason or another, he desires no longer to carry.—*From an Address by Wm. C. Cornwell.*

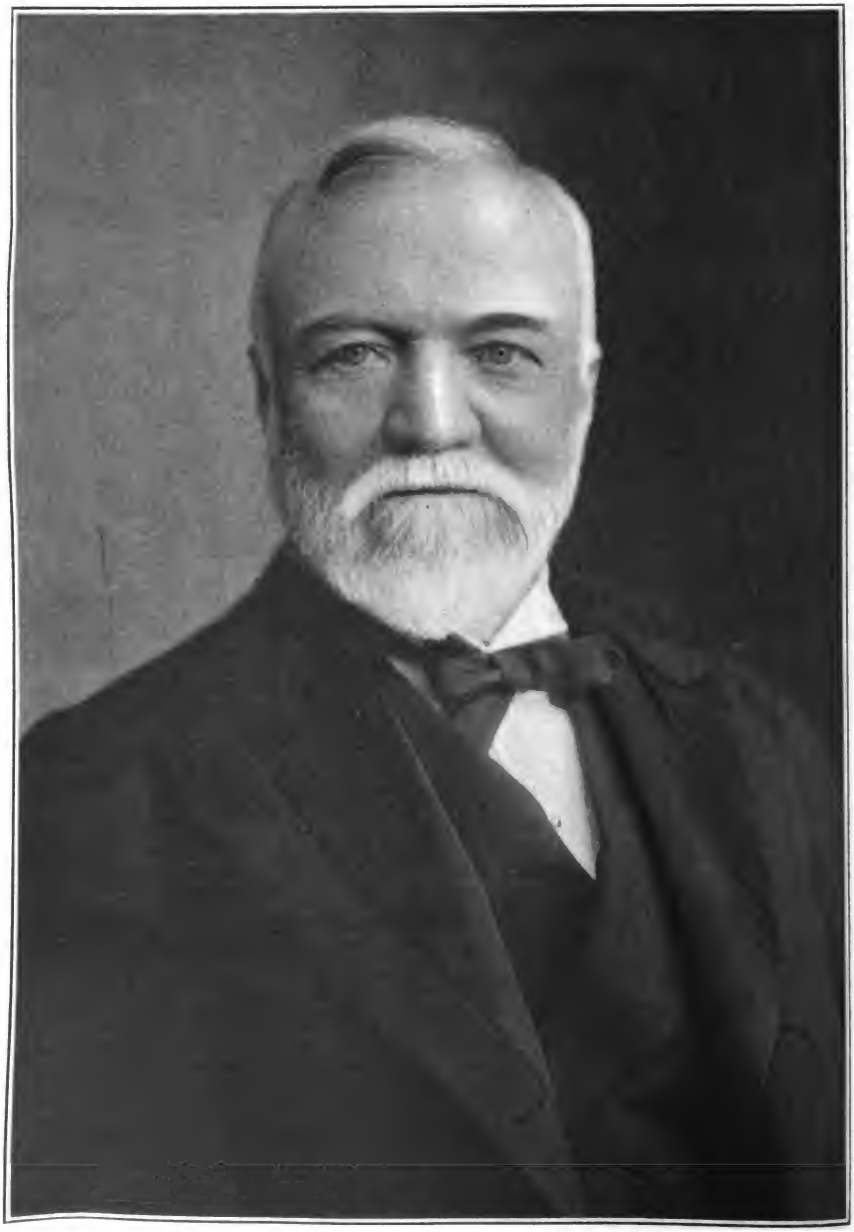
NATIONAL BANKS OF THE UNITED STATES.

Abstract of reports of condition of National banks in the United States on November 12, 1906, January 26, and March 22, 1907. Total number of banks reporting on April 6, 1906, 5,975; March 22, 1907, 6,344; increase, 369.

Resources.	Nov. 12, 1906.	Jan. 26, 1907.	Mar. 22, 1907.
Loans and discounts	$4,366,045,295	$4,463,267,629	$4,535,844,098
Overdrafts	53,735,049	41,916,260	36,762,892
U. S. bonds to secure circulation	541,202,270	551,886,540	548,788,350
U. S. bonds to secure U. S. deposits	89,274,290	89,133,030	95,416,550
Other bonds to secure U. S. deposits	58,116,532	76,359,327	62,867,362
U. S. bonds on hand	6,738,950	6,117,680	7,700,850
Premiums on U. S. bonds	13,604,363	13,103,568	13,663,984
Bonds, securities, etc	665,960,215	659,524,827	682,575,675
Banking house, furniture and fixtures	146,795,566	152,929,524	154,817,856
Other real estate owned	19,881,035	19,268,238	19,386,545
Due from National banks	386,654,128	368,572,811	257,882,177
Due from State banks and bankers	147,750,211	134,799,469	138,046,962
Due from approved reserve agents	665,237,176	662,435,487	624,972,079
Checks and other cash items	37,517,440	28,897,118	28,476,553
Exchanges for clearing-house	376,672,336	128,249,619	282,866,736
Bills of other National banks	28,814,212	28,676,517	27,763,228
Fractional currency, nickels and cents	1,994,521	2,249,295	2,241,085
Specie	482,276,271	521,722,552	500,085,913
Legal-tender notes	152,273,887	173,780,969	156,134,637
Five per cent. redemption fund	26,546,111	26,942,421	26,915,984
Due from U. S. Treasurer	3,788,428	4,979,075	5,080,313
Total	$8,213,878,296	$8,154,811,963	$8,288,289,837
Liabilities.			
Capital stock paid in	$847,514,653	$860,930,624	$873,669,666
Surplus fund	504,548,213	524,969,813	523,216,913
Undivided profits, less expenses and taxes	183,124,886	165,705,083	182,549,115
National bank notes outstanding	536,109,931	545,481,870	543,320,375
State bank notes outstanding	30,437	30,424	30,424
Due to other National banks	839,065,296	900,574,124	859,867,389
Due to State banks and bankers	379,757,662	396,632,800	407,338,791
Due to trust companies and Savings banks	337,113,941	341,254,100	330,909,599
Due to approved reserve agents	44,006,766	38,465,679	39,042,929
Dividends unpaid	1,376,455	2,465,886	999,160
Individual deposits	4,289,773,899	4,115,650,294	4,269,511,629
U. S. deposits	129,193,379	145,891,090	140,801,794
Deposits of U. S. disbursing officers	11,208,342	11,471,053	12,557,155
Bonds borrowed	57,336,815	58,489,208	60,327,446
Notes and bills rediscounted	9,388,944	6,192,871	7,626,108
Bills payable	35,144,889	21,037,947	27,763,570
Reserved for taxes	3,910,996	2,504,806	2,020,196
Liabilities other than those above	5,272,794	7,064,286	6,737,572
Total	$8,213,878,296	$8,154,811,963	$8,288,289,837

Changes in the principal items of resources and liabilities of National banks as shown by the returns on March 22, 1907, as compared with the returns on Jan. 26, 1907, and Apr. 6, 1906:

Items.	Since Jan. 26, 1907.		Since Apr. 6, 1906.	
	Increase.	Decrease.	Increase.	Decrease.
Loans and discounts	$72,576,468	....	$394,667,399	....
U. S. bonds	4,768,500	....	71,604,400	....
Due from National banks, State banks and bankers and reserve agents	....	$44,906,548	84,553,319	....
Specie	....	21,636,639	40,906,513	....
Legal tenders	....	17,646,332	....	$5,180,830
Capital stock	12,739,042	....	54,362,260	....
Surplus and other profits	15,091,132	....	54,401,146	....
Circulation	....	2,161,495	37,862,999	....
Due to National and State banks and bankers	....	39,767,995	79,901,289	....
Individual deposits	153,861,334	....	291,043,743	....
United States Government deposits	....	4,003,193	79,836,046	....
Bills payable and rediscounts	8,158,859	....	6,666,369	....
Total resources	133,477,873	....	617,672,154	....



ANDREW CARNEGIE,

Chairman of the recent Arbitration and Peace Congress.

THE NATIONAL ARBITRATION AND PEACE CONGRESS.

ONE of the hopeful signs of the times is the increased interest being shown in the movement in favor of substituting arbitration for war in the settlement of disputes between nations. This movement received a strong impetus at the National Arbitration and Peace Congress held in New York city from April 14 to 17. The Congress was presided over by Andrew Carnegie, and addresses were made by a number of men of eminence, in this and other countries, including the following: Hon. Elihu Root, Secretary of State; Hon. Charles E. Hughes, Governor of New York; Hon. Geo. B. McClellan, Mayor of the city of New York; Baron d' Estournelles de Constant, Prof. Hugo Munsterberg, W. T. Stead; Hon. John Barrett, Director International Bureau of American Republics; Hon. Wm. J. Bryan, Earl Grey, Governor General of Canada; Hon. Enrique C. Creel, Ambassador of Mexico, and Hon. James Bryce, Ambassador from Great Britain. A letter to the Congress from President Roosevelt was also read. The various meetings were largely attended, and the following resolutions were adopted:

"*Resolved,* By the National Arbitration and Peace Congress, held in New York city, April 14 to 17, 1907, that the Government of the United States be requested, through the representatives to the Second Hague Conference, to urge upon that body the formation of a more permanent and more comprehensive international union for the purpose of insuring the efficient co-operation of the nations in the development and application of international law and the maintenance of the peace of the world.

Resolved, That to this end, it is the judgment of this Congress that the Governments should provide that The Hague Conference shall hereafter be a permanent institution with the representatives from all the nations meeting periodically for the regular and systematic consideration of the international problems constantly arising in the intercourse of the nations, and that we want our Government to instruct its delegates to the coming conference to secure if possible action in this direction.

Resolved, That as a logical sequence of the first Hague Conference, the Hague Court should be open to all the nations of the world.

Resolved, That a general treaty of arbitration for ratification by all the nations should be drafted by the coming conference, providing for the reference to The Hague Court of international disputes which may hereafter arise, which cannot be adjusted by diplomacy.

Resolved, That the Congress records its endorsement of the resolution adopted by the Interparliamentary Union at its conference in London last July, that, in cases of dispute arising between nations which it may not be possible to embrace within the terms of an arbitration convention, the disputing parties, before resorting to force, shall always invoke the services of an international commission of inquiry, or the mediation of one or more friendly powers.

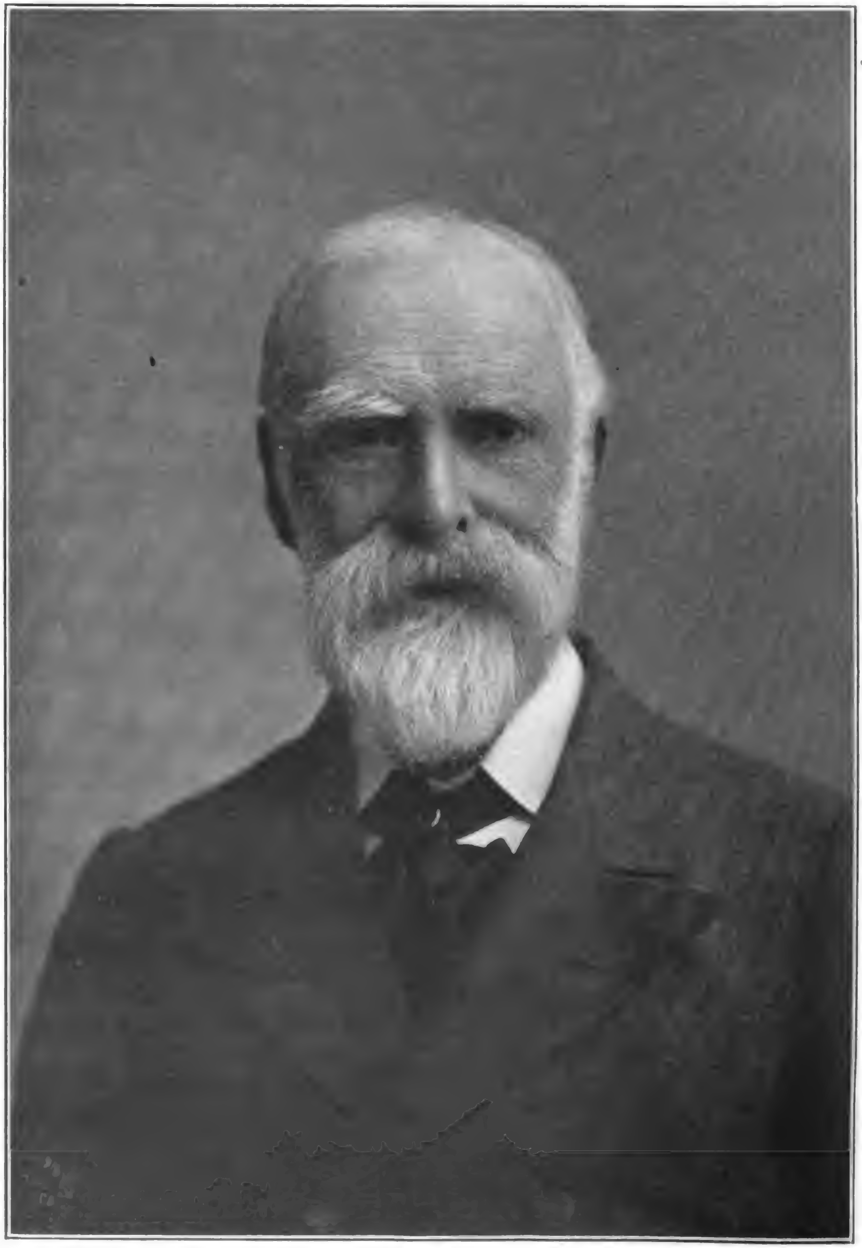


Photo by Davis & Eickemeyer.

HON. JAMES BRYCE,
British Ambassador to the United States.
(A leading speaker at the Arbitration and Peace Congress.)

Resolved, That our Government be requested to urge upon the coming Hague Conference the adoption of the proposition long advocated by our country, to extend to private property at sea the same immunity from capture in war as now shelters private property on land.

Resolved, That the time has arrived for decided action towards the limitation of the burdens of armaments which have enormously increased since 1899, and the Government of the United States is respectfully requested and urged to instruct its delegates to the coming Hague Conference to support with the full weight of our national influence the proposition of the British Government as announced by the prime minister to have, if possible, the subject of armaments considered by the conference."

INSURANCE OF BANK DEPOSITS.

Hot Springs, Ark., April 15, 1907.

Editor Bankers' Magazine:

Sir: Referring to your article in March, "Bank Deposit Insurance," if the American Bankers' Association would take the matter up, solicit all banks in the country to subscribe, say one per cent. of their deposits, for capital in a new company, issue insurance to such banks as want it under safe restrictions upon best possible terms determined from such experience as can be had, allowing for expenses and good margin of profit to stockholders, such banks as do not want insurance can take the profit of their investment from those who do.

As you say, there are many banks that want this insurance when it can be had in such a way as to count for strength, and as it is only a matter of time when it will be furnished by someone, and no legislation is at all probable, it would seem that the American Bankers' Association is the one body to secure this business to the bankers themselves.

It is the strongest body of men in the country; bankers would respond liberally to stock subscriptions; and insurance written by a company formed by them would satisfy the demand for this insurance more completely than any other that could ever be formed.

The solution is, or ought to be, in their hands.

Ed. H. Johnson,
Cashier Security Bank.

AMERICAN BANKERS' ASSOCIATION.

TWENTY-THIRD ANNUAL CONVENTION.

THE Thirty-third Annual Convention of the American Bankers' Association will be held at Atlantic City, N. J., the week of September 23. Headquarters of the convention will be at the Marlborough-Blenheim Hotel.

NEW YORK STATE BANKERS' ASSOCIATION.

THE annual convention of the New York State Bankers' Association will be held at the Hotel Frontenac, Thousand Islands, June 27 and 28.

DEATH OF FORMER COMPTROLLER ECKELS.

HON JAMES H. ECKELS, president of the Commercial National Bank of Chicago, and former Comptroller of the Currency, died suddenly at his home in Chicago, April 14.

Mr. Eckels was a native of Princeton, Ill., and was born November 22, 1858. After being educated at the local institutions, he entered the Albany (N. Y.) Law School, from which he graduated in 1880. In the

HON. JAMES H. ECKELS,
Former Comptroller of the Currency. Late President Commercial National Bank, Chicago.

following year he located at Ottawa, Ill., and began the practice of law. He took an active interest in local politics, and became nationally prominent in the spring of 1893, when President Cleveland appointed him Comptroller of the Currency. His administration of this office in a very trying period, which included the panic of 1893 and the subsequent depression lasting until 1897, was marked by exceptional ability. The reports issued by Mr. Eckels as Comptroller, in addition to the usual amount of information, contained the results of a number of special investigations instituted by him which are of great and permanent value. His position on the bank-note question was somewhat in advance of his time, but was eminently sound, and was distinguished by rare insight into the fundamental principles of a bank-note currency. He was one of the ablest advocates of an asset currency as opposed to bond-secured circulation, and his clear presentation of the subject in his reports and in the numerous addresses which he delivered before conventions of bankers was largely instrumental in gaining adherents to the movement for currency reform. He favored the retirement of the legal-tender notes, and when his party declared for the free coinage of silver, he refused to support its candidate, and became one of the most effective advocates of the gold standard.

On resigning as Comptroller at the close of 1897, Mr. Eckels went to Chicago to become president of the Commercial National Bank, a position he retained until his death, and in which he was eminently successful. Besides his banking affiliations he was connected with a number of the large business and financial enterprises of the country. He was also deeply interested in public affairs, and labored earnestly and with effect for good government. He was widely respected for his character and abilities, and was universally loved by his banking associates for his courtesy, kindliness and the fine sense of honor which he exemplified in his daily life.

NEW COUNTERFEIT $10 (BUFFALO) UNITED STATES NOTE.

SERIES of 1901; check letter A; face plate number 249; back plate number omitted; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States.

This counterfeit is apparently printed from wood-cut plates of excellent workmanship on two pieces of good quality paper, between which heavy pieces of silk have been distributed. The number of the note at hand is 3592734. This number compares favorably with the genuine both as to color and formation of figures. The seal is somewhat darker than the genuine. The large "X" with superimposed "Ten" is crimson instead of pink. There is an entire absence of cross-line work in the shading of the letters, and in the medallions containing the portraits of Lewis and Clark. These portraits are poorly executed. There is a period instead of a comma after Washington on the left hand face of note. The same mistake appears after the word "private" in the right hand scroll on the back of the note, and the period is entirely omitted after the word "debt" in the same scroll. There are many other minor defects in this counterfeit but the general appearance of the note is deceptive.

GOLDFIELD, NEVADA.

THE WORLD-FAMOUS GOLD CAMP—THE TOWN, THE BANKS AND THE MINES.

BY CHARLES W. REIHL.

IF there is any one thing more than another for which most men are willing to endure hardships it is gold. This fact is proven by the history of the "Forty-niners" who endured all kinds of hardships to get to California to find gold—many of them never found the gold, because they died in their effort to get to where they hoped to find it. The discomforts and hardships of the Klondyke are more recent history, and are known to many who wish they had never heard of the Klondyke. Many who went there did not live long enough to find the gold, nor to return to confess their failure.

Regardless of the difficulties of the "Forty-niners" and the Klondykers, other men have sought for gold in many parts of this country, some going even to places that were considered to be positively barren of anything fit for man, either above or below the ground.

Genesis of the Camp.

It was a party of such men who in the fall of 1899 were seated around a sage-brush campfire in the barren mountains of southern Nevada. They were trying to warm themselves by this fire, while the cold wind was doing its best to chill their bodies—blowing as if it would say, "Get away from this bleak and barren place; there is nothing here for you."

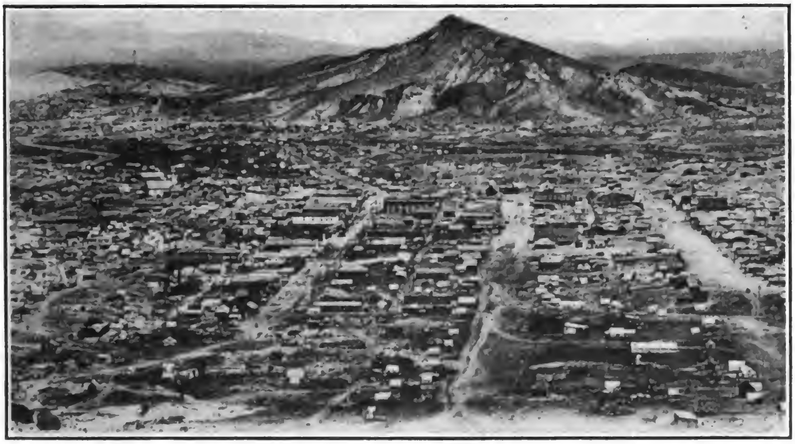
These men were working day after day to extract gold dust from the surface soil and were succeeding to the extent of $3 worth of gold dust each day. They were half discouraged and well they might have been. It was at this time that "Big Jim" Butler discovered, near what the Indians called Tonopah Springs—now known as Tonopah, Nev., what he believed to be something that would arouse the country, and it proved to be so, although his friends at first doubted that the burnt looking quartz contained any gold.

The finds at Tonopah finally did open the eyes of the world of gold seekers. Prospectors flocked to the district and located claims. Later others who wanted to find good locations went further south.

It was in the fall of 1902 when the man who is credited with having discovered the richness of the Goldfield district first went to the section. He gathered samples of the various croppings from this heavily mineralized country and returned to Tonopah. The test of these samples resulted so favorably that those interested were encouraged to make new efforts to find the precious metal. He returned to the district and located claims around Columbia Mountain. Others came and located claims on so large a scale that if one now drives around this section of the country he sees everywhere over the sandy mountain desert the "monuments" and "corner-posts" marking the claims, as well as the gallows frames that indicate the spots where the gold ore either has been found, is being found, or energetic efforts are being put forth to find it. Some of these claims have been worked and proved to be good, others have been "scratched" and found to be good. In some cases those who started to work claims soon gave up without finding the gold, either because of lack of funds or lack of that characteristic called perseverance or "stick-to-it-ive-ness."

The Location of Goldfield.

Goldfield lies southwest of Columbia Mountain. It is in the basin, being almost entirely surrounded by mountains. It is 6400 feet above sea level. North of the townsite, between Columbia Mountain and the Malapai (the hills on the west), is a short stretch of almost level country and be-



GOLDFIELD.
Looking from the southern part of the town, Columbia Mountain at the top of the view.
Around this mountain are the best mines.

yond that are ranges of mountains, some of which are covered with snow. The view is a beautiful one, but to enjoy it one must forget that he is in the desert and far away from the usual surroundings that please the eye and gladden the heart.

Inhabitants, Buildings, Etc.

The number of people who came to the district during the first two years after the discovery with the intention of staying seems to have been very small. So small indeed that in September, 1904, there were only about 150 people in the section and only two frame buildings on the main street. The rest of the habitations were tents, except probably a few dug-outs. But since then, and especially since October 8, 1905, when the railroad began running trains into the outskirts of the town, people have been coming in greater numbers, so that now there are probably 18,000 people living in the town and nearby sections.

The dwelling places in and about the town are in the form of tents, shacks, cabins, dug-outs, adobes and bungalows. Some of the bungalows are very nice indeed and are said to have cost as much as $10,000 each to build. Building in Goldfield is expensive and rents likewise are high.

The hotels are for the most part poor affairs. The treatment given the guests by one of the hotels that advertises considerably is shameful and a disgrace even for a desert town. There is but one good hotel in the place at this time—that is The Grimshaw. It is without question the nicest hotel on the desert. It is small, homelike and cheerful. It has no bar or gambling outfit as most of the hotels have. All the hotels are on the European plan; rates are high, in fact, nothing is cheap in Goldfield. The isolated position of the place is the cause of the high prices. Three larger hotels are being built now.

MAIN STREET, GOLDFIELD.
Looking north, with Columbia Mountain in the distance.

The town at this time possesses some substantially built business and office buildings; others are in course of erection, and yet others will be started soon. The business men have faith in the town and the mines and so are willing to put their money into good buildings. Real estate values have increased very rapidly.

One would imagine that as Goldfield is so near California it would be supplied abundantly with a large variety of fruits and vegetables, but it is not. This is partly, if not wholly, due to lack of railroad facilities. There is but one railroad now running to the place, but two more are being built and are expected to be in soon. Then foods and building materials will be more plentiful and should be cheaper.

Progressive Character of the People.

There is probably no other town on the earth that can equal Goldfield for its progressiveness and energy. It has more of these two qualities to the square inch than most places have to the square foot, and more than some other places have to the square mile.

Think of a town hardly more than three years old, out on the barren desert, miles away from anywhere, but nearer the heavens than most places, with a population as large as Goldfield has and the amount of business done here, and you will conclude that it needed progressiveness, energy and faith, as well as love of gold, to accomplish what has been accomplished. To illustrate the point, here is a list of accomplished things:

A water works plant in operation.

A sewerage system in operation.

Good telephone service, local and long distance.

Electric lighting service.

Two daily papers.

Three weekly papers.

Three banks.

Chamber of Commerce.

Two stock exchange boards.

Three church buildings, one of which, the Presbyterian, cost $10,000 and is free of debt.

Two church organizations without buildings of their own.

The Salvation Army with its hall.

Two school buildings that cost $150,000.

One hospital, and another one in course of erection.

The legislature has made it the county seat of Esmeralda county.

The town will soon be incorporated as a municipality. This has been decided upon, but the people want the best charter that can be had. Galveston's has been suggested as a model.

The people of the town are very orderly, considering the great number of "firewater" places in the town. Those who have been in other camps say this is the best regulated mining camp to be found anywhere. It has had to face some difficult problems, but has met them in an honest and manly way. At the time of this writing it is in the throes of a labor trouble brought on by the leaders of the local branch of the Industrial Workers of the World. This could be settled in a short time by using drastic measures with the leaders of the union, but the mine owners and business men do not want to resort to such measures and so are seeking to persuade the miners to leave the Industrial Workers' organization. The miners are locked out of the mines as a result of an action taken by the leaders of the "I. W. W.," as it is known, and they cannot go back to the mines until they sever their connection with that organization.

Activities of the Chamber of Commerce.

The Chamber of Commerce was organized January 22 of this year. Its purpose is to promote and protect the interests of the city and its citizens, and it has fulfilled the purpose to some degree. It was through its efforts that the county seat was removed from Hawthorne to Goldfield.

Eastern papers and magazines misrepresented Goldfield and its mines. To overcome this misrepresentation the Chamber of Commerce brought the Governor and the members of the legislature here to show them that the town and mines were not myths, so that they could then make known to the world what they had seen.

By its efforts this body killed plans for a sewerage system that would not have benefited the town, and settled a water question in the interests of the place.

It was through this organization that the incorporation of the town was taken up and will be brought to completion. It is being held up now on account of the present labor trouble. Some parties have won-

STATE BANK AND TRUST BUILDING.

dered that the Chamber of Commerce did not take up the labor trouble and have a settlement brought about. The reason is this: the preamble clearly states that this body shall not take part in, nor interfere in troubles between employers and laborers, unless both parties desire it. Both parties have not desired it in this case, but the trouble will no doubt be adjusted before this is in print and the mines will be shipping ore.

How Things Look to a "Tenderfoot."

A "tenderfoot" coming here from the East would be surprised to see the great number of women that are in the town. Many of them are comparatively young, and they are employed in offices as stenographers and typewriters, and bookkeepers. They are bright and intelligent. They get large salaries and dress well, and give the town a good moral tone. They are well protected and their presence here no doubt has a great deal to do with making this "the best-regulated mining camp to be found anywhere."

Many of the men have their wives and families here. In other cases wives and daughters are here alone looking after investments they have made in the locality. As is usually the case elsewhere, a considerable number of the women here are active in the church work. But it must not be supposed that all the women in the town are bright examples of moral rectitude, nor that all are noted for their virtuous lives. Still it should be said that there is without doubt a greater proportion of true and pure women here than has been found in any other mining camp during the early years of its existence.

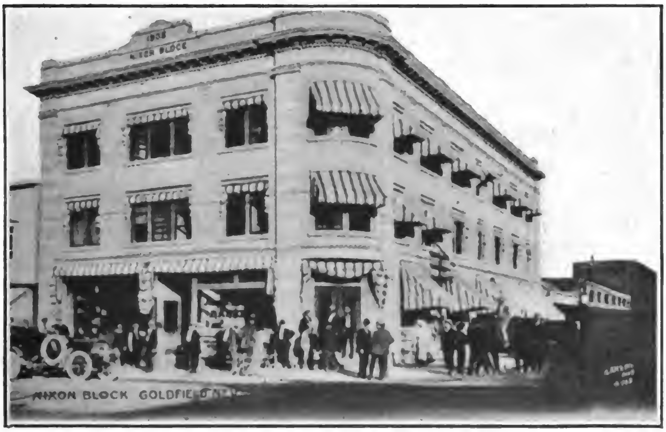
THE BANKS.

To the bankers of the country the banks of Goldfield are a marvel for growth and development. The writer is acquainted with about all of the most noted cases of bank development in the country, but knows of none to surpass those of Goldfield, when conditions as well as deposits are taken into consideration.

There are three institutions in the town that do a banking business, and three trust companies whose business consists of stock brokerage and promotion.

The banks are, in the order of their opening for business here: The State Bank and Trust Co., the Nye and Ormsby County Bank, and John S. Cook & Co., Bankers.

The State Bank and Trust Co.'s main office is in Carson City, its capital is $200,000. It has offices in five different towns—Carson City, Goldfield, Tonopah, Manhattan and Blair, Nev. The Goldfield branch opened for business in July, 1904, and on the opening day the deposits amounted to $16,000. Six months later they were $200,000, and on



NIXON BLOCK.

The banking-house of John S. Cook & Co. occupies the corner room, first floor, and will soon have safe-deposit department in the basement.

March 15 this year they were $2,000,000, with 1500 different accounts. The loans and discounts amount to $1,100,000. Dividends paid by this branch amount to $210,000.

This bank has two offices in Goldfield, the one first opened on Main street, near Crook avenue, and the new office, called the "Sub-Branch," in the building owned by the bank at the corner of Main and Hall streets. Mr. J. L. Lindsay is the cashier of both branches, and with him is a force of twelve clerks.

Shortly after the State Bank and Trust Co. opened its branch, the Nye and Ormsby County Bank opened a branch here. This bank has five offices in the state. They are located at Tonopah, Goldfield, Reno Carson City and Manhattan. It has a capital of $500,000, and the deposits in all branches amounted to a little more than $1,900,000 on December 31, 1906. They declined to give a statement of the condition of the Goldfield branch, but it is fair to estimate that the deposits in this branch do not amount to more than $1,000,000.

That they expect to stay here and continue the banking business is manifested by the fact that they are going to build a four-story office and bank building on the corner of Main and Ramsey streets. Work on the building is to be started this spring.

The third bank that opened here was the private bank of John S. Cook & Co. Mr. John S. Cook and his brother opened this bank January 23, 1905. They had served as president, cashier, tellers, bookkeepers and in all other capacities in a bank. Their bank was a favorite from the beginning. Mr. John S. Cook had had ten years' experience in banking on the desert before he opened this bank. The deposits on the first day amounted to $30,000. Twelve months later they were in the neighborhood of $1,000,000, and on March 15 this year they were a little more than $6,000,000, with about 2500 accounts. This growth is phenomenal—from nothing to more than $6,000,000 in less than twenty-six months. In New York or Chicago a bank with a strong board and a large capital might equal this growth; but out in the desert many miles away from any financial center, such wonderful growth is not expected, even Mr. Cook did not expect it. It is accounted for by the fact that the territory is a rich one and because of that much capital is brought into the country to develop its resources, and the development has resulted in very rich finds and the bank has benefited by it all.

The loans and discounts on March 15 were about $2,000,000.

When this bank was opened the capital was $50,000. In December, 1906, the bank was incorporated, retaining its original name, and the capital increased to $250,000. During the two years of its existence the bank has paid $148,000 in dividends.

The officers of the bank are: Hon. George S. Nixon, president; George Wingfield, vice-president; John S. Cook, cashier; H. T. Cook and I. J. Gay, assistant cashiers. Mr. John S. Cook is the active man in the bank and the manager of its affairs. He is a conservative and capable banker, well able to properly protect the large amount entrusted to him. In addition to the official staff there is a force of thirteen clerks.

Plans have been formed for the enlargement and refurnishing of the banking quarters. The basement will be pressed into service for the safe deposit vault with 350 safes. A thoroughly modern and up-to-date system of bank work will be installed, so that the rapidly growing business will be better handled and cared for than it would be in many older and more centrally located banks. It is fully expected that the deposits will be $10.000,000 by the end of the present year.

This bank has one branch, located at Rhyolite, Nev. It is prosperous too.

The banks here pay no interest on deposits, and for money loaned the usual rate is 12 per cent. per annum. Very few loans are made without being secured by good collateral, and then for only about one-third of its value. The bankers in the West and South usually look upon overdrafts by responsible parties as loans, but in the East—the extreme East—the average banker looks with horror upon overdrafts. The banks in this section allow responsible parties to over-draw their accounts and then charge them interest on the overdraft. In most cases these overdrafts are as good and as safe as the commercial paper held by the eastern bankers.

According to the newspaper reports an application has been made to the Comptroller for the privilege of organizing a national bank in Goldfield, but very little seems to be known of the movement in the town.

Banking in a mining camp is usually considered a risky proposition. It is so considered because so many banking institutions in mining camps have failed. In Leadville, Colo., for example, five banks failed. In every case the cause was mismanagement, or lack of the knowledge of the principles governing sound banking.

THE PROSPECTOR'S OUTFIT, WITH BURROS.

The Desert Burden Bearers, hitched to the wagon. These animals will live where others would starve.

The Goldfield banks are not of the same kind as those were in Leadville. The business men and citizens of Goldfield are to be congratulated on their banks.

Many papers writing up Goldfield have stated that the deposits in the banks amount to $17,000,000, and in some cases they are reported to be $18,000,000. Those figures may pass as a guess but not as fact. From the statements made above it will be seen that the total deposits do not amount to $10,000,000.

In a number of cases the saloon-keepers and store-keepers in the town take the place of the bankers, because some of the mine men, knowing by experience the condition of banks in other mining camps, hesitate to entrust their money with the bankers, and so the safes in stores and saloons contain bags of money that should be in the banks.

Very little paper money is in circulation out here. Parties coming from the east usually bring some and in that way the banks get some.

Gold and silver are used. The one-cent pieces are almost unknown here and are treated as curiosities. The treasurer of a church recently said that he knew easterners were coming here because pennies are found in the collection plates.

The Mines.

The wonderful deposits of gold found in this section are what has made Goldfield. The richness of these deposits has been discovered by those who dug deep enough. The claims were mostly staked by those who did not have money enough to carry on the work needed to get down to the gold. So the owners leased the ground to those who had the money to put into the work, and they are the ones who have revealed the great wealth.

The full-size claim is 600x1500 feet, or a little more than twenty acres. Many claims are smaller, either because the ground around them had been staked off, or because the one who staked the claim thought he had enough. Some of the best claims are fractions of claims, and lie between full-size claims.

To this camp mining men from all parts of the world gathered, and some of these experienced mine men do not hesitate to say that this is the greatest "high-grade proposition" in the world. Quite a few of these men think the richest deposits have not been found; while others who are not talking simply to boost stocks say that gold will be mined from this section after the present generation has passed away. This may be true and it may not be true, but all who are qualified to express an opinion unite in saying that this is the richest camp that has been discovered.

The most noted finds were made on the Mohawk claims. The first ore was discovered there in April, 1906, and production commenced soon afterward, but the greatest shipments were not made until after the first of August. The shipments from then until February, 1907 exceeded 54 million tons of ore, which produced more than $6,840,000.00 worth of gold.

The Combination Mines, now owned by the Consolidated Mines Co., produced good ore and paid large dividends before ore was found on the Mohawk claims. The dividends paid amounted to more than 200 per cent. on the capital invested. It was these great productions that led others to put forth energetic efforts to find the precious metal. So great and numerous are the efforts that east of the town can be seen almost a countless number of gallows frames—the frame-work over the mine shaft, and at night so many electric lights are seen around these gallows frames that it looks like the lights of a large city. At some of these workings they are finding good ore and at others they believe they will find it very soon.

The productive formation of the rock in this district is dacite, an eruptive porphry. "It was ejected," so geologists tell us, "from a volcanic vent in the later stages of a long period of volcanic activity and from a point somewhere in the vicinity. The volcano was intermittent in eruption, and thereby gave to the extruded rocks a rudely bedded structure, but such structure has no relation to sedimentation, a recent popular fallacy. The rock magma ejected, also varied somewhat from time to time, ranging in character from andesite to the more siliceous classes, such as rhyolite. Some of the later rocks of the period of porphyry eruptions have been eroded away, exhibiting thereby porphyries which were once buried under 1,000 feet or more of lava. These rocks have been brecciated and fissured by the shock of succeeding and repeated eruptions along the lines now occupied by the ore bodies which are being mined. It may be concluded, upon geological data from surrounding areas, that the more recent volcanic series of rocks last described is underlaid by another volcanic formation of much greater age, which was intruded into still older formations of various origin. These were eroded and later buried by the productive porphyries. The variety of volcanic rocks and their intense regional brecciation indicate that this district has been the scene of eruption and violent dynamic disturbance for a great period of geological time."

MOHAWK MINE.

The richest high-grade mining property known. Is now controlled by the Goldfield Consolidated Mines Co.

The richest deposits revealed up to this time, outside of the properties controlled by the Goldfield Consolidated Mines Co., are the Florence, Combination Fraction, Daisy, Jumbo Extension, St. Ives, Great Bend, Gold Bar, Sandstorm, and Kendall. The properties controlled by the Consolidated Mines Co. are the Combination, Mohawk, Red Top, Jumbo, Laguna and Goldfield Mining. But there is no doubt that others equally as rich will be revealed very soon, because the search for the hidden wealth is being pushed forward with all the speed possible. There is every reason to believe that at least a half dozen of the stocks now selling below twenty-five cents a share will be worth at least a dollar a share before the year closes, because of the ore that will be mined and the gold extracted.

Very few of the mines have paid dividends, but there is no doubt that many of them will do so in the not distant future. The average broker and investor in Goldfield is not looking for dividends, but simply buying

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stocks to hold for a good rise in the market and take the profit. An official of one of the exchanges said, "If you speak to a broker about dividends he will laugh at you." Regardless of this, there is no question that quite a number of these stocks are worth buying and laying away to await developments.

Goldfield boasts of two stock exchange boards to handle the stocks of the many mining companies, the Goldfield Mining Stock Exchange and the Goldfield Stock and Exchange Board. The first named is the older; the second was organized last year. Until quite recently formal sessions were held day and night—the former meeting in the afternoon and the latter in the morning and then again at night. But now the formal sessions are held in the morning, beginning at 10.30 o'clock, and the evening sessions, beginning at 7.30 o'clock, are informal.

GOLD ORE IN SACKS READY FOR SHIPMENT, AT RED TOP MINE.

This mine is now controlled by the Goldfield Consolidated Mines Co.

The Goldfield Mining Stock Exchange has about 250 mining companies listed. Its membership is seventy-one.

The Goldfield Stock and Exchange Board has about 120 companies listed and a membership of about 200.

Investment in mining stocks is considered by many to be very risky, and in some cases it is. If mining stocks are bought they should not be bought until something definite and true is known about the property. It can be accepted as an almost invariable truth that the companies that advertise on a large scale are not worthy propositions—good propositions need not hunt long for capital. The concerns that spend so much money in advertising seldom spend enough in developing the property.

Many unscrupulous men are taking advantage of the great finds made at Goldfield and are scattering broadcast their advertisements and circulars, claiming to have good properties in the district near some of the mines that are known to be good. In a number of cases the companies thus advertised are unknown to the best posted men in Goldfield. The intending investor should beware of such unreliable concerns and make careful inquiries from responsible parties before placing any money in so-called mines or prospects.

Mining stocks are usually placed on the market at a low price—five cents, ten cents or fifteen cents a share, fully paid and non-assessable with a par value of $1. A lot of Mohawk stock changed hands at fifteen cents and twenty-five cents a share; some sold for fifty cents or sixty cents a share not more than a year ago, and now it is worth from $17 to $20 a share. There are a few stocks now selling at fifty cents or less a share that will in all probability be bringing from $5 to $10 a share a year from now. There are a number of companies whose properties are so good that it is hard to get the holders of the stock to part with it.

The fact that mining stocks are usually sold at so low a price creates mistrust in the minds of some people, who fear an additional liability or assessment on the stock. The law of California is said to attach a liability to stocks sold below par even though they are said to be fully paid and non-assessable.

In the Goldfield district danger of such liability does not seem to exist. The likelihood of its arising is prevented in the formation of the company. The method is this: the full amount of the capital stock is given for the property—the value of the property being taken as the full par value of the stock. A proportion of this stock is then returned to the company with the understanding that it be considered as treasury stock. This is practically a gift to the company. The company can then offer this stock at any price it wishes, and at the same time have it be fully paid and non-assessable, because it has been paid for once. This treasury stock is sold for the purpose of developing the property.

The purpose of this article is not to boom the town, the mines nor the stocks, but to give the bankers of the country a true and unbiased statement of the facts. The writer has spent seven weeks in the district and has met the best men of the place.

A PLEA FOR CONSERVATISM.

IN a recent number of the "Atlanta Georgian and News," Col. Robert J. Lowry, president of the Lowry National Bank of Atlanta, says:

"The South to-day is forging ahead with rapid strides, and to suddenly check her progress, and cause a falling of values, would be well-nigh suicidal. Our future is in our own hands, and by our own conduct we may make or break ourselves. From the standpoint of conservative sagacity, and in the interest of our present and future prosperity, let us be reasonable, fair, tolerant and conservative in our criticisms and demands of corporate interests. Let us not precipitate distrust and loss of confidence; let us make our field inviting for the healthful immigration of good labor and capital; let us invite the investment of money in the development of our immense natural resources; let us be conservative and patient. We need to be less restless, less nervous, and more optimistic and more encouraging. It matters not whether it is an individual or a corporation that merits our discussion; above all, let us be just."

BANKING PUBLICITY

A RADICAL DEPARTURE IN SAVINGS BANK ADVERTISING.

TEN PAGES OF NEWSPAPER SPACE USED AT ONE TIME FOR A COMPLETE STATEMENT OF ASSETS AND LIABILITIES.

A TEN-PAGE newspaper bank ad. is enough of a novelty to attract general attention, and such an ad. on the part of a savings bank—the institution which has been most backward in availing itself of newspaper publicity—is sufficient to make any bank official "sit up and take notice."

On the morning of February 20 there appeared in the "Schenectady (N. Y.) Gazette" this ad., which has clearly broken all records for bank advertising. In these ten pages were given in minutest detail every item of the bank's assets and liabilities, including a schedule of the bond investments; a list of every real estate mortgage held by the bank, with rate of interest and amount of principal, each mortgage being indicated by number; a statement of cash on hand and in bank, specifying the banks in which funds are deposited; and, most important of all, the individual amounts due 22,235 depositors, the accounts being indicated by the numbers of the pass-books.

Commenting on this publicity and its results, Mr. Allen W. Johnston, treasurer of the bank, under whose supervision the ad. was prepared, writes as follows:

"We judge that the interest taken in our detailed statement for January 1, 1907, is largely due to the fact that it is in keeping with a widespread desire on the part of the public for greater publicity in banking affairs.

While leaving the matter of advocating such publicity to the able writers in periodicals which are doing so much to promote and foster it, perhaps a few words in that direction directly connected with the detailed statement of our savings bank, will be of interest.

As you are aware, our statement comprises the entire list of bonds and mortgages, in detail, with dates of maturity, rate of interest and amount of principal, by number, the names being given for bond securities, but only numbers for mortgages.

Our liabilities to depositors are also given in detail, by number, and balance due, consisting of 22,235 accounts, with an aggregate of $6,301,391.74, making altogether ten pages of standard newspaper size.

This statement was published in the regular issue of the "Schenectady Gazette," having a circulation of about 17,000.

As interest will be aroused as to how our statement was received by our depositors, I will state that on the day of its issue the sale of the newspaper containing it was extraordinary, and we found upon questioning our depositors, that almost invariably, on that very day, accounts had been compared with passbooks. Satisfaction was universally expressed by our depositors and many compliments paid us upon the enterprise.

Considering the results obtained in so many ways from the publishing of our detailed statement, our bank management regard it as an economical plan, accomplishing much good effect that could be obtained in no other way that we are advised of. It makes a complete check upon the business of the bank, the exact balance which we had, being a source of satisfaction to the entire bank force, our depositors having an opportunity to know the inside of the bank they deposit with, and the information given to the public who may desire information of the bank before opening an account.

We may also mention many good results, such as finding of balances in the list by parties who had laid aside and forgotten their bank books for years, but having memoranda of numbers; the adding of interest to such accounts, thus preventing them becoming 'dormant accounts,' and the bringing in of books for entries of interest.

We do not know of a single depositor who has objected to our making the statement.

The adding machine has done much to make possible such a detailed statement.

May we be allowed to ask a question? If such a statement can be made successfully by a savings bank having a comparatively large number of accounts, is there anything in the way of national or state banks and trust companies availing themselves of the advantages of as complete a statement by the use of numbers, both for their assets and liabilities, thus aiding in the work of the banking departments?

We are receiving many letters from all parts of the country, congratulating us upon the detailed statement, with indications therein that the plan will be adopted by other institutions."

So many requests have reached the bank for more definite information, the following statement has been prepared which will guide other institutions who may desire to adopt a similar plan:

By publishing the pass-book accounts by number, a complete check is made upon the balance in each pass-book, as well as upon the aggregate amount of all the depositors' accounts in the bank; the same principle applying to the assets, as they are all numbered, and when interest is received from mortgages the numbers are given on the receipts for interest.

As no bank would publish less assets than it had, nor more liabilities than it had, the check is complete from the outside as well as from the inside of the bank.

The accounts were drawn off from the ledger cards with an adding machine. Each column of the newspaper carries 380 accounts, a footing being made for every column—such footings carried forward to the end of the list. The numbers of the accounts were put on with a hand stamp opposite the accounts. Adding machines were used to foot the numbers as well as the accounts, in order to verify. Adding machines that are listing machines will foot both numbers and accounts as they are drawn off from the ledgers. We expect to use such machines when we make our next detailed statement. The work will then be much easier.

The proofs received from the press, both numbers and amounts, were refooted by the machines to verify.

Announcement was made in the newspapers published in this vicinity several days in advance of the detailed statement. We stated that numbers and amounts only of depositors' accounts would be published. The "Schenectady Gazette" has about 17,000 circulation, our statement being a part of the regular issue.

The expense to the bank for the statement complete, including 10,000 copies in pamphlet form, postage and advertising for the special report, was in the neighborhood of $1,000. The sales of the paper on the day of issue were very large, and we find that very many of our depositors compared their accounts on that day.

No objection has been made on the part of our depositors or anyone connected with the bank in any way, to the publication of the detailed statement. On the other hand, much gratification was expressed and many compliments paid to the bank by those interested, and by the public, at home and abroad.

The pamphlet containing the detailed statement will be distributed from the bank and through the mails, to banks and others.

It is not intended by the bank to make a detailed statement regularly, but only at such periods as may be chosen by the management.

It is perhaps well to note that a check upon the business of a bank is not to be obtained completely by calling in the pass-books, as even if such a system could be made complete, the public cannot verify the aggregate of the deposits. Such verification is made by publishing the list of accounts—this applying to assets as well as to liabilities. Although this detailed statement was made during one of the busiest parts of the year for a savings bank, and a special abstract being made of depositors' accounts (our regular abstracts are taken May and November), the regular business of the bank was not interfered with to any extent, and no serious inconvenience attended the getting out of the statement. We employed but two extra helpers.

While the main object of this ad. was to secure a complete verification of accounts, it cannot fail in having the effect of establishing a sense of security in the minds of present and prospective depositors and was undoubtedly worth every dollar of its cost.

THE BANKERS' MAGAZINE has always advocated and will continue to advocate greater publicity on the part of our savings banks. While many officials claim that it is not proper for them to spend their depositors' money in this way, how can they benefit the people of their community more than by judicious expenditures for the purpose of promoting the saving habit and showing the strength and safety of the savings banks, as against the countless wild-cat investment schemes that are forced on the attention of the public by unscrupulous promoters?

It is satisfactory to note that this view is steadily gaining ground.

A NEW PUBLICATION BY THE AMERICAN BANK NOTE CO.

FOR more than a century the name of the American Bank Note Co. has been known wherever stocks and bonds are known, and now, more vigorous than ever, the company still maintains that high standard of excellence which has always characterized its product. For the purpose of calling attention to the high-grade printing, for which no less than its engraving and lithography the company is famous, a monthly publication — The Imprint—has been launched recently. A reproduction of the cover is shown herewith. The excellence of the typography and color work in this first issue leaves nothing to be desired. The Imprint is the creation of Mr. W. P. Colton, formerly advertising manager of the Lackawanna Railroad and originator of "Phoebe Snow." Mr. Colton now has charge of the publicity department of the American Bank Note Co.

BANKING PUBLICITY NOTES.

THE
SEABOARD
National Bank

Offers exceptional Facilities for the Despatch of Business incidental to Import and Export Trades.

18 B'way and 5 Beaver St.

Convenient to all points in the financial district and near the new Custom House.

OFFERING a definite argument in "exceptional facilities" and location as to its advantages from the customer's point of view, the accompanying ad of the Seaboard National Bank differs from much of the advertising of the New York city banks. It is well worded and well displayed.

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The American National Bank of Nashville, Tenn., prints its latest statement in two colors on the face of the envelopes used in its correspondence.

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The Germania National Bank of Milwaukee in a rather striking folder introduces its latest statement with the following:

> The resources of this bank have been built up in less than four years. This growth is due to
>
> First. The policy, which is broad, yet sufficiently conservative to insure safety.
>
> Second. The adopting of modern methods which facilitate the despatch of business.
>
> Third. Progressiveness of management and its willingness to promote the interests of depositors.
>
> These, together with stability, are what have made so many satisfied depositors.

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Two Bank Accounts

Many people, especially those who reside out of town, find it convenient to have two bank accounts. The opening of an account with the Old Colony Trust Company does not necessarily terminate the depositor's connection with other banking institutions. Interviews invited.

Old Colony Trust Co.

Main Office Ames Building | Largest in Massachusetts | Branch Office 52 Temple Place

Safety for Securities

Considering the low cost and the perfect security of a box in a modern safe deposit vault, it is unwise to keep securities, insurance policies, savings bank books, deeds and other valuables in a house or office safe. The safe deposit vault does what no amount of insurance can do,—it actually prevents valuables from being burned or stolen.
Boxes may be rented at either office.

Old Colony Trust Co.

Main Office Ames Building | Largest in Massachusetts | Branch Office 52 Temple Place

TWO RECENT ADS OF THE OLD COLONY TRUST CO., BOSTON.

The accompanying newspaper ad. of the Guarantee Title and Trust Co. of Pittsburgh has the merit of novelty and "timeliness."

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A handsome booklet of generous size has been issued by the Bank of Commerce and Trust Co. of Memphis, Tenn., showing exterior and interior views of the company's fifteen-story office building, and describing and explaining its various departments. The title page is an emblematic reproduction of two links, representing the National Bank of Commerce and the Memphis Trust Co., recently consolidated.

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The American National Bank of San Francisco, which is doing some very effective advertising, has sent out a little folder, reviewing its progress in 1906. From the first page we quote:

> What we did in 1906 :
> Increased our deposits 54 1-3 per cent.
> Doubled our foreign exchange business.
> Increased our earnings.
> Increased our surplus $50,000.
> Increased the number of our individual depositors, and improved the class of business.
> Largely increased our list of correspondents, both foreign and domestic.

FROM CURRENT BANK ADVERTISING.

THIS bank has achieved a reputation for constantly exerting every effort to meet the requirements of its depositors, irrespective of the extent of their deposits. The officers are always accessible and will be pleased to confer with you relative to your banking needs.—National Exchange Bank, Baltimore.

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An able receivership, such as this institution is prepared to conduct, often results in the adjustment of difficulties and return of property to its owners on a paying basis.—Commonwealth Trust Co., Pittsburgh.

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Business men who are desirous of securing a depository for their funds which in every respect is thoroughly equipped to carefully, correctly and expeditiously handle large or small accounts, are invited to inspect our facilities.—American National Bank, Richmond.

It is an important policy of this bank to give careful personal consideration to customers' requests and to render the *prompt decisions* which mean so much to every business man.—First National Bank, Boston.

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Many people struggle to accumulate property, but do not give sufficient consideration to its disposition after death, often postponing the simple matter of making a Will until too late. It is the business of this company to carry out the provisions of Wills.—Union Trust Co., Pittsburgh.

+

The ablest individuals are mostly the hardest pressed for time. Your estate demands time and care. It is our business to furnish time and care.—Guardian Trust Co., New York.

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Unrivalled resources of more than forty million dollars
A critical investigation of all securities
Impartial daily audits of all transactions
Close attention to details by experienced officers
And the wise supervision of a strong directorate
Have caused this bank to become known nationally as a veritable Gibraltar of Finance.—Mellon National Bank, Pittsburgh.

DIVERSION OF CUBAN BANK CLERKS.

According to "The Review" which is published monthly by the employees of the First National Bank of Chicago, the bank clerks in one of the banks of Cuba enjoy the following diversion:

"The older bank buildings of Cuba differ radically from our modern structures. They contain the inevitable courtyard, and one of the largest banks on the island is the proud possessor of a young crocodile which lives in the fountain in the courtyard. The nourishment of this reptile consists mainly of live rats, and business in the bank is entirely suspended when the porter is seen carrying the trap to the courtyard. A grand rush is made for points of vantage near the fountain while the trap is emptied of its catch, and the eager bunch of bank clerks watch the baby crocodile contentedly swallow its victims."

BANK AS A REFORMER.

The Union Trust Company Bank of Chicago offers a premium of $5 each to every Chicago drunkard who will reform for a year. As each man makes the promise he will receive a certificate of identification which he will take to the bank and have placed to his account, free. Every month thereafter he will be required to deposit at least $2 to show that he means to tread the straight and narrow path in the future.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

THE PROSPERITY OF MEXICO. Published under the authorization of the Government, by the Editor, Francisco Trentini. Mexico: Bouligny & Schmidt, Sucs., printers and engravers. For sale by Stechert & Co., New York. (Price $12.00.)

Although our business relations with Mexico are important, both with respect to import and export trade and the investment of American capital in that country, the facts regarding the resources of our neighboring Republic are much less widely disseminated than they should be. This volume contains a wealth of information on the government area, soil, climate and products of Mexico, each state being considered in detail. The book is copiously illustrated, and the views of the scenery and of the notable buildings—many of the latter being of great antiquity—are highly interesting.

Mexico is a land of great wealth already developed, and still possessed of large unexploited resources. Under the wise guidance of General Porfirio Diaz the country has enjoyed remarkable political tranquillity and great prosperity. The people are progressive, and welcome capital and immigration.

The book under review is almost encyclopedic in the nature and extent of its contents and even a bare enumeration of its more prominent features is impracticable. It might well serve as a text-book on Mexico, and could be used with great profit in many of our schools, particularly in those of a commercial character. The editor has rendered his country an important service and has also placed other countries under obligations by collecting and publishing such a vast fund of interesting and valuable information about the Republic of Mexico.

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LABOR AND CAPITAL: A LETTER TO A LABOR FRIEND. By Goldwin Smith, D. C. L. New York: The Macmillan Company.

Whatever Professor Smith has to say, on any subject, is worthy of careful attention. His utterances on the relations of capital and labor are just and dispassionate. He sees clearly and calmly both sides of the question, and fearlessly tells what he sees.

Concerning the contention of Marx and his followers, that all wealth is the creation of manual labor, Professor Smith says:

"It surely can not be imagined that this vast and varied edifice of civilization and this multitudinous march of human progress are entirely the work of the manual laborer, and that the manual laborer is entitled to the whole. Did manual labor discover America?"

People who think can hardly deny that the ability to direct enterprise is an important factor in creating wealth, and that it should have its due reward. But there is a third element—what George Eliot would have called "unscrupulosity"—that deprives the wage-earner of his due reward, and that often takes larger profits from the public than a fair return on the capital invested would justify. It is toward the elimination of this baneful element that the agitation of the present day is chiefly directed.

Considering the question "whether, if the employer increases his profit by adding to his risk of capital or by an improved policy, the fruit of his own brain, the wage-earner becomes thereby entitled to an increase of wages, supposing his part in production to remain the same," Professor Smith says that "in this as in all cases wise policy as well as good feeling will lead the employer to give his men as much interest as possible in the prosperity of the concern." He further says: "Want of inducement to improving effort on the part of the workman in the shape of a tangible reward is, it must be owned, a weakness in the factory system. He would be a great benefactor who could find the cure."

The following extracts from Professor Smith's essay will be found instructive:

"The capitalist, it is important to observe, though the organizer, director and paymaster, is not the real employer. The real employer is the purchaser of the goods, who can not be forced by any strike or pressure to give more for the goods than he chooses and can afford. Carried beyond a certain point, therefore, pressure for an increased wage must either fail or break the trade."

"The state is constantly invoked as a sort of Supreme Being with paternal duties and a fund of its own for their fulfillment, while in reality it is either a mere abstraction or nothing but the government of the day, without any fund for its paternal bounty but that which it draws by taxation from the community and on which no class can have a special claim."

Judicial arbitration as a cure for industrial war, Professor Smith says, appears to have been disappointing in its result. "It seems impossible," he says, "for a court to forecast the changes of the market on which the value of labor and the just rate of payment for it must depend. * * * Mediation may, of course, be useful in bringing disputants together and inducing reflection on both sides."

Popular education, Professor Smith points out, has increased sensibility to social disadvantages, and generated distaste for manual labor. This distaste is becoming dangerous, but is "the attendant shadow of what all the world counts a blessing and a gain."

The inequalities of man's lot are thus set forth:

"This is manifestly an imperfect world, recognizable as the work of omnipotent beneficence only in so far as it may be tending toward a goal. No man not devoid of sensibility can have failed to reflect with sadness on the terrible inequalities of the human lot. Why is the life of one man a life of opulence, ease and refinement, that of another man so sadly the reverse? Why are the gifts of nature—health, strength, brain power, good looks, long life—so unequally bestowed? Why is one man born in a civilized and happy, another in a barbarous and unhappy age? There is not only 'something,' but a good deal, in the world that is 'amiss,' and may, and we hope will, be 'unriddled by and by." Meantime, the cottage, so long as it has bread and affection, might, if it could look into the mansion, see that which would help to reconcile it to its lot."

The high financiers are thus excoriated:

"As to the brood of financial brigands, generated in an age of the greed attending vast speculations, it is to be hoped that public justice is on their track. But public justice to be effectual must be impartial. There will be no reform if, while the common thief goes to jail, the thief the extent of whose marauding and whose guilt are far above the common, can be received again into society and even welcomed back to his seat in the Senate."

The advantages of accumulated wealth are fully recognized in the following passage: "That wealth or accumulated wealth is in itself an evil, let cynics or poets say what they may, will hardly be said by any one who asks himself how without wealth and accumulated wealth there could have been any great undertaking, it might almost be said, beyond mere self-sustenance, any undertaking at all."

Regarding private property in land, it is said: "What we all want of the land is that it shall produce bread, and the universal experience of the world has pronounced that land produces most bread when private ownership speeds the plough."

This great and wise thinker, who is one of the intellectual leaders of the English-speaking race, concludes with this counsel:

"Human society in its general structure and features appears to be an ordinance of nature, and while it is capable of gradual improvement, far beyond our present ken, not capable of sudden and violent transformation. * * * It would seem, then, that there is something to be said for acquiescing, provisionally at least, in our industrial system, based as it is on the general relation between capital and labor, and trying to continue the improvement of that relation in a peaceful way, without class war and havoc. Progress, in a word, seems more hopeful than revolution. When the socialist ideal, perfect brotherhood, is realized, there will be social happiness compared with which the highest pleasure attainable in this world of inequality, strife and self-interest would be mean; but all the attempts to rush into that state have proved failures; some of them much worse. It is conceivable, let us hope not unlikely, that all who contribute to progress may be destined in some way to share its ultimate fruits; but there is no leaping into the millennium."

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Looking Forward. By August Cirkel. Chicago: Looking Forward Publishing Company. (Price, postpaid, $1.25.)

In his prefatory note the author apologizes for treating of so many topics. He might well have omitted the chaper relating to "Asset Currency." for it is marked by such strong prejudice as to render it of no value whatsoever.

A sample of the lack of care betrayed in some of the author's assertions is to be found in the following (page 340):

"As there are bank deposits of thirteen billions of dollars in this country, while there are only three billions of money in the country to liquidate them, when the crisis is reached, millions of depositors will lose their deposits."

Whatever may be the purpose of such a statement its effect will be to create distrust among people who have deposits in banks. The statement, however, is grossly misleading. It ignores the fact that a large proportion of these deposits are the proceeds of loans—in other words, that the deposit liability of the bank is offset by a liability on the part of the depositor for money borrowed; and, furthermore, that the system of re-deposit which exists to a great extent makes the deposits apparently much larger than they are.

The author of "Looking Forward" is evidently sincere, but makes his appeal more to the emotions of his readers than to their judgment. In every great reform, however, the agitator has his place. The opponents of the trusts and of all the real or imagined iniquities of the rich will take pleasure in the drubbings administered by Mr. Cirkel. Socialism, he says, is a rainbow.

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FINANCING AND ENTERPRISE. By Francis Cooper. (Two volumes; price $4.) New York: The Ronald Press.

Beginning with the basis of an enterprise, the successive steps for interesting capital are fully set forth. The chapter relating to capitalization is especially interesting just now. Here is what Mr. Cooper has to say of excessive capitalization: "Excessive capitalization may be allowable and possibly not improper for the more speculative enterprises. For the usual business corporation it is an unmitigated evil."

The suggestions given in these volumes are intended to aid the promoters of sound enterprises in securing capital, and they appear to be well calculated to do so. There are few questions more momentous at the present than the organization and management of corporations. Mr. Cooper's work shows how the organizers of a corporation may start right, which is of great importance.

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MAKING A NEWSPAPER. By John L. Given. New York: Henry Holt & Co. (Price, $1.50.)

Mr. Given displays the intellectual machinery of a modern daily newspaper, and the curious layman or the amateur may find the spectacle interesting. Regarding the changes that have taken place in the method of conducting newspapers, it is said: "If an old-time editor had attempted to enlarge the circulation of his paper by using bill-poster type for headings, printing colored pictures, and giving away tin whistles, chewing gum, false faces and kites, he would have been looked upon as crazy. * * * To-day there are editors who are doing these very things, and in twelve months some of them are disposing of as many papers as some of the famous old editors one hears about sold in half as many years."

Some of these old editors had other ideas than selling papers by giving away tin whistles, chewing gum and false faces. They were behind the times, of course, since they merely contributed to the advancement of the human race, and incidentally immortalized themselves.

In addition to describing the work of the various members of a newspaper's staff many valuable and practical suggestions are given that will prove helpful to beginners. To the preparatory studies for newspaper work, particularly that of leading editorial writer, we should have added the study of law.

About getting a situation Mr. Given offers this plain and sensible advice: "The best course for a man who wishes to get a place on the staff of a newspaper to pursue, is to go to a newspaper office and ask for employment."

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PROCEEDINGS OF THE THIRTY-SECOND ANNUAL CONVENTION, AMERICAN BANKERS' ASSOCIATION.

The last convention of the American Bankers' Association was held at St. Louis October 16-19, 1906, and the volume containing the proceedings appears to have been sent out about March 1. This seems to be a longer period of time than is necessary for the publication of a book of this character, and the value of the Proceedings would be greatly enhanced if issued more promptly.

With a view to securing greater accuracy in these reports, we shall point out a few errors noticed in a casual examination.

On page vii, in the list of secretaries, the name of William B. Greene is minus the final "e;" page xi, "Horscall" S. Hall, cashier Ticonic National Bank, Waterville, Me.; p. 222, "Hascoll" S. Hall. The correct spelling of Mr. Hall's name is "Hascall," as given on page 319. Page 38, "Chciago;" p. 61, "laudible;" p. 65 "negotiable instrument" for negotiable instruments; p. 69, "Boulton" for Bolton; p. 77, "just as same as now;" p. 119, "Schmeltz" for Schmelz; p. 123, "Hersch" for Hersh; p. 131, "Russell" for Russel; p. 139, "Mechanic's" for Mechanics'; on page 140 Professor Joseph French Johnson is referred to as "Mr. John Johnson;" p. 170, "J. H. C. Royse" for I. H. C.; p. 198, "Eckles" for Eckels; p. 209, "Hambletor" for Hambleton; p. 221, "Otley" for Ottley; p. 310, "Granger, Farwell" for Granger Farwell; p. 311, "Hackenhull" for Hockenhull; p. 341, what is styled an "index," arranged according to the sequence of the paging, instead of alphabetically.

In the case of a book of this kind, appearing annually, and with four months and over elapsing between the time of holding the convention and the date of publication, such blunders are inexcusable. They betray a deplorable lack of care upon the part of somebody, and it is setting a bad example for the American Bankers' Association to publish a book with such numerous and palpable errors, when they might have been avoided by the exercise of the most ordinary care. If such a standard is to be tolerated it will greatly impair the value of the Proceedings as a permanent record of the association's work.

This year's volume contains 343 pages, and is well printed, tastefully and substantially bound, and embellished with excellent steel portraits of the officers.

QUASI-PUBLIC CORPORATION ACCOUNTING AND MANAGEMENT. By John F. J. Mulhall. Boston: Corporation Publishing Co.

This is a practical treatise on the methods of accounting and management of water works, gas works, electric light works, steam heating works, telephone companies and electric railways. The books used are described, and illustrated by numerous forms. It is a valuable treatise for accountants who may be called on to arrange special forms and books for such companies.

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GOLD BRICKS OF SPECULATION. By John Hill, Jr., of the Chicago Board of Trade. Chicago: Lincoln Book Concern. (Price, postpaid, $2.18.)

Mr. Hill points out the difference—and there is a vast difference—between legitimate speculation and its counterfeit, as represented by the bucket-shop and get-rich-quick swindles. Perhaps there has never been a time when the crop of the latter was so prolific as it is now, and an expose of the methods by which the unwary are deceived is particularly appropriate at this time.

There must be an appalling amount of hard-earned savings wasted in supporting these glittering schemes, whose total annual outlay for advertising alone represents a very comfortable fortune. Not infrequently bank clerks are tempted to "speculate" as a result of the alluring promises of some of these concerns. They would do well to read Mr. Hill's book.

Speculation at best is a hazardous business. It should never be indulged in by any one who has not ample means of his own to sustain his operations, and should be conducted through well-known and reputable brokerage houses.

Mr. Hill has performed a valuable public service in exposing the shady side of speculation and showing that there is a sharp dividing line between legitimate speculation and gambling and swindling.

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THE FEDERAL POWER OVER CARRIERS AND CORPORATIONS. By E. Parmalee Prentice. New York: The Macmillan Company. (Price $1.50.)

It is refreshing at this time, when there is so much heated discussion about corporations, to turn to this volume, which deals with the regulation of these institutions from a purely legal-historical standpoint. A most instructive part of the book is that defining the line between State and Federal authority. Those who, in their haste to reform existing evils, would turn the regulation of corporations over to the Federal Government, can hardly understand the full meaning of their proposal. Mr. Prentice has furnished information and arguments that should aid in forming a sober judgment concerning matters now prominent in the public mind.

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SECRETARIAL WORK AND PRACTICE. By Alfred Nixon and George H. Richardson; also Company Law. By Thomas Price. (Longman's Commercial Series; price $1.50.)

The first part of this work deals in a practical manner with the work of secretaries of corporations, and the second part is devoted to the

British Joint Stock Companies Act. This latter part of the book will be found of especial value, for comparative purposes, when our own corporation laws are being so widely discussed.

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A Handy Book on the Law of Banker and Customer. By James Walter Smith, Esq. London: Effingham Wilson. (Twenty-third thousand; thoroughly revised.)

This is an excellent English work dealing with the laws governing the relations of bankers with their customers, and also giving the substance of the laws concerning commercial paper. Although English banking practices differ very much from ours, many of the principles applicable to banking and commercial paper are common to both countries. Every American banker who wishes to be well informed about the legal side of banking in England will find this hand-book of great value. It contains information of a kind that the young banker or clerk is especially interested in, and may, indeed, be read with profit by all who are engaged in the conduct of banking operations.

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Sampson Rock of Wall Street. By Edwin Lefevre. New York: Harper & Brothers. (Price, $1.50.)

If those who are fond of regaling themselves with the details of Wall Street operations are not surfeited with the contents of the financial columns of the newspapers, they can find more of the same kind of reading in this book. Wall Street at the present time ought to make a good background for a story; but the real, vital interest should be furnished by the characters, and their relations to each other. Just as the scenery of a play is incidental to the theme and action of the drama itself, so should it be with the setting of a story, even when laid in a locality as fascinating as Wall Street.

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A Satchel Guide for the Vacation Tourist in Europe. By W. J. Rolfe. (With maps; revised annually; second edition for 1907; price $1.50.) Boston and New York: Houghton, Mifflin & Co.

For the one contemplating a vacation tour to Europe there is no better guide than this compact little volume, prepared by Dr. Rolfe, the eminent Shakespearean scholar. It contains in a condensed and attractive form just what the intelligent tourist wishes to know, and while useful to all it will especially meet the wants of those who wish to economize in the expenditure of time and money.

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Law of Bills, Checks and Notes. By James Walter Smith. London: Effingham Wilson.

This is a concise but apparently clear statement of the English laws relating to negotiable paper and has been revised to conform to the Bills of Exchange Act, which to some extent formed the basis of our own Negotiable Instruments Act. The explanations are such as will help to a better understanding of the legal rules and principles governing negotiable paper.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

LEE, HIGGINSON & CO., BOSTON.

ONE of the oldest financial concerns in the country and one of the pioneers in this line in Boston is the well-known banking house of Lee, Higginson & Co., which began business in 1848, as Lee & Higginson, the partners at that time being John C. Lee of Salem and George Higginson of Boston. In 1853 the firm changed its name from

GEORGE HIGGINSON. JOHN C. LEE.

Founders of the Firm of Lee, Higginson & Co.

Lee & Higginson to Lee, Higginson & Co., the partners being John C. Lee, George Higginson, Henry Lee, Jr., and George C. Lee.

Henry Lee, Jr., who died a few years ago, and who was one of the firm, was one of Massachusetts' most prominent citizens, and up to the last years of his life always exhibited great public spirit, and often raised his voice in public in defence of or in opposition to measures in which he took a lively interest, and his influence for or against any proposition was always a powerful one.

Col. Lee was on the staff of Governor John A. Andrew, Massachusetts' famous war governor, and ably did he sustain the executive during the many trying hours through which Governor Andrew passed. Few people realize all that Col. Lee did for Massachusetts and her sons who went to the front, or how much he accomplished, often at great self-sacrifice. Col. Lee, however, was not a man to flinch when a question of duty confronted him, and his efforts were thoroughly recognized and appreciated by Governor Andrew.

Major Henry L. Higginson, a son of one of the original founders of the firm, is also, in addition to being one of Boston's foremost bankers, one of its most public-spirited citizens, and was the chief mover in the organization of the noted Boston Symphony Orchestra. He has always been actively interested in public measures, and for a long time has been a member of the Harvard Corporation. His munificent gifts to the University are still fresh in the public mind. Major Higginson has also been actively interested in other public measures.

The firm first started business in the old Washington Bank building at 47 State street, now a part of the site of the Exchange building. In 1853 the firm, being then Lee, Higginson & Co., moved to rooms in the rear portion of the Union building, a part of the extensive suite now occupied. Contemporary with the firm were such houses as Blake, Howe & Co., then located at No. 4 State street; Brown Bros. & Co., T. B. Curtis, J. Amory Davis, Edwards & Brewster, J. E. Thayer & Bro. and S. G. Ward. The present members of the firm are Messrs. George C. Lee, son of Mr. John C. Lee; Henry L. Higginson, Gardiner M. Lane, who was influential in the councils of the Union Pacific Railway Co., when its headquarters were in Boston; James J. Storrow, one of the leaders in Boston financial affairs, a Harvard overseer and son of J. J. Storrow, the famous patent lawyer to whose ability the American Bell Telephone Co. owes so much; George L. Peabody, George C. Lee, Jr., N. Penrose Hallowell, Hugh G. Levick, David Shaw.

THE AMERICAN NATIONAL BANK OF INDIANAPOLIS.

SOLIDITY and elegance with no suggestion of mere showiness, are the impressions conveyed by the remodelled building of the American National Bank of Indianapolis. The building was formerly occupied for a long time by the Postoffice, and is 100 feet by 113, and built of limestone. It is on the most prominent business corner of the city, and since the bank purchased and improved the property, realty values in the locality have greatly increased. To adapt the building to the needs of the bank, the interior was entirely remodelled. Only slight modifications were made in the exterior. In its present form the building is said to be one of the best examples of Italian Renaissance in the country. The rare architectural beauty of the banking room is only suggested by the accompanying pictures. Bronze and Pavanozza marble were used throughout in the interior construction work.

The bank uses the first floor and the basement. The three rental floors (the windows of the fourth story open only on the court) give such an income as to render the bank's occupation quite inexpensive.

The American National Bank has had an interesting history. It was organized by John Perrin and began business February 4, 1901, with $250,000 capital and $366,371.75 deposits. The capital and surplus have been increased from time to time until they are now two millions.

AMERICAN NATIONAL BANK BUILDING, INDIANAPOLIS.

The deposits at the last statement to the Comptroller were six millions and a half.

Courtesy and consideration to every depositor, whether his business be large or small, have been important elements in the rapid upbuilding of the bank. Indeed, the keynote of the bank's advertising (of which it has done much) is: "No account too small to receive courteous welcome." The carrying out of this policy accounts for an official staff larger than usual. The officers are: John Perrin, president; Evans Woollen, vice-president and counsel; H. A. Schlotzhauer, cashier; Theo. Stempfel, assistant cashier; C. W. Minesinger, assistant cashier; Brandt C. Downey, assistant cashier; Oscar P. Welborn, auditor.

The Lobby.

The Officers' Space.

AMERICAN NATIONAL BANK, INDIANAPOLIS.

The Safe Deposit Department.

The Directors' Room.

AMERICAN NATIONAL BANK, INDIANAPOLIS

THE NEW BUILDING OF THE FLORIDA NATIONAL BANK.

FLORIDA NATIONAL BANK OF JACKSONVILLE.

SOUTHERN prosperity, which has been so marked of recent years, has developed a class of banking institutions that for size, strength and progressiveness will compare favorably with those of any part of the country. The South, with its cheap raw materials, its growing manufactures, and its striking development along every line of healthful business and industry, affords in abundance the conditions requisite to a rapid and substantial growth of banking. The existence of these conditions has been recognized by bankers and business men throughout the South, and they are being taken advantage of in a way that is not only causing the establishment of many strong and well-managed banks and the enlargement of those already doing business, but that is also enhancing the prosperity of the South by affording the necessary facilities for the production and exchange of commodities and the extension of enterprise in general.

One of the growing and prosperous banks of the South is the Florida National Bank of Jacksonville. This institution began business in January, 1905, as the Florida Bank and Trust Company, taking over the business of the Mercantile Exchange Bank, which had deposits at that time amounting to $1,319,938. In August, 1906, the form of organization was changed, the bank entering the national system as the Florida National Bank. Its deposits were then $1,894,914, while they were $2,693,788 on March 22, 1907, as reported to the Comptroller of the Currency. This increase--about 105 per cent. in two years—indicates

BANKING ROOM, FLORIDA NATIONAL BANK.

the energetic character of the management. A better idea of the bank's position may be had from the following condensation of the statement as rendered to the Comptroller on March 22 last:

RESOURCES.

Loans and discounts		$1,940,669.98
Overdrafts		870.27
U. S. bonds and premiums		104,075.00
Other bonds and stocks		327,203.75
Banking-house and fixtures		87,399.63
Other real estate		6,000.00
Due from banks	$563,462.75	
Cash in vaults	294,852.22	858,314.97
Total		$3,324,533.60

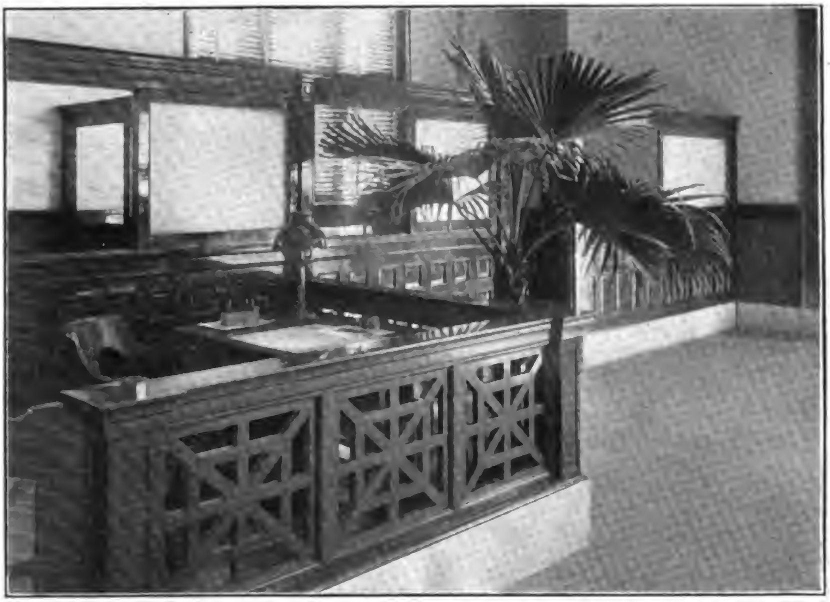
LIABILITIES.

Capital	$500,000.00
Surplus	30,000.00
Undivided profits	29,702.83
Dividends unpaid	42.00
Circulation	50,000.00
Bonds borrowed	21,000.00
Deposits	2,693,788.77
Total	$3,324,533.60

It will be seen that the bank has ample capital; and while still a young institution, it has already accumulated about $60,000 in surplus and undivided profits, thereby emphasizing the determination of the management not to lose sight of the prime consideration in banking—safety. The large deposit totals—over half of which were secured in two years—show that the bank has the public confidence. This is further evidenced by the fact that the Florida National is a designated depository of the United States, the State of Florida, and the City of Jacksonville.

As will be seen from the accompanying illustrations, the Florida National Bank is fittingly housed. Its building is substantial and beautiful and perfectly adapted to the bank's needs, offering the maximum of safety and convenience. The building is constructed of white marble, and is an ornament to the business district of Jacksonville. The illustration gives a good idea of the exterior of the building, but the interior will bear further description. It has been arranged with careful regard to the convenience of the bank's patrons, and has, at the same time, been decorated in beautiful taste.

Entering the center door one faces the cashier, who, seated at his desk in the center of the railed inclosure, is in touch with the work of the



VIEWS IN THE NEW BUILDING OF THE FLORIDA NATIONAL BANK.

bank and with the entering customer, and can from his position have a direct supervision over the entire business of the bank.

At the left of the entrance a railed inclosure, comfortably fitted with desks, etc., is reserved exclusively for the use of ladies.

On the right a series of handsomely fitted private offices extend from ~~the front to the rear of the~~ building. The first, known as the "customers' room," is a new feature and one that recommends itself at once to even the casual observer on the score of its usefulness.

Next are the offices of the vice-presidents, easily accessible, while at the rear is the president's room, handsomely fitted up, and approached by an ante-room.

A large directors' room and committee room occupy the northwest corner of the building.

Safe deposit boxes on the main floor of the bank, with adjacent booths, where the owner of a box can examine its contents privately and at ease are another admirable new feature of the building.

Light and air are provided from all four sides and also by two large skylights in the center of the building. The fittings of the bank are in keeping with the solidity, elegance and taste shown in the building itself, and the result obtained is a bank home of exceptional beauty, convenience and safety.

A structure of this character, well equipped, represents a well-defined policy upon the part of the officers and directors to place the Florida National Bank among the best-class of financial institutions in the South.

A national bank is governed by strict laws, regulating its business, and this safeguard is supplemented by examinations made by examiners appointed by the Comptroller of the Currency, and by the publication of frequent reports of condition. All these provisions and requirements are in the interests of depositors of the bank, as well as of the stockholders, and assure safety so far as it can be done by legal enactments. In the case of the Florida National Bank these legal safeguards are reinforced by management of an exceptionally high character, composed of the following officers:

President, C. E. Garner; vice-presidents, Arthur F. Perry and C. B. Rogers; cashier, W. A. Redding; assistant cashier, G. J. Avent.

The directorate of the bank comprises leading financial and business men from all sections of the state.

While the Florida National Bank does a general banking business, it also offers to the public the benefit of a savings department, the customers of which enjoy all the safeguards which the national system affords, including frequent examinations of the bank by expert accountants sent out by the Comptroller of the Currency at Washington.

In its form of organization, building, equipment and management the Florida National Bank of Jacksonville is in a position to render efficient service to banks and individuals. That its facilities are being appreciated is evidenced by the successful record already made, showing a constant and healthful growth, and foreshadowing even greater prosperity for the future.

PRESIDENT OF THE UNITED STATES BANK AND TRUST CO., NEW ORLEANS.

ONE of the men who have become prominent in banking in the South is Mr. Augustin B. Wheeler, who was recently elected president of the United States Bank and Trust Company of New Orleans for the thirteenth consecutive term.

This event was made interesting by the struggle of two interests to control the stock, but Mr. Wheeler and his friends won by a handsome margin.

A. B. WHEELER.

During the thirteen years that Mr. Wheeler has managed the United States Bank and Trust Company it has prospered, and last year the earnings were $35,000 on a capital of $100,000. Losses in the whole thirteen years, on account of bad loans, overdrafts, etc., have been $1,300, or at the average rate of only $100 a year.

Mr. Wheeler was born at New Orleans in 1854, and after being educated at the public schools entered a stock and bond house as office boy. He rose rapidly, through various grades of employment, until in June, 1894, when he became a partner in the firm of Hyams, Moore & Wheeler.

Besides being president of the United States Bank and Trust Co., Mr. Wheeler is prominently identified with a number of other leading banking and business enterprises, and is prominent socially.

NEW CASHIER AND ASSISTANT CASHIER OF THE FOURTH STREET NATIONAL BANK, OF PHILADELPHIA.

MR. RENE J. CLARK, the newly appointed cashier of the Fourth Street National Bank of Philadelphia began his banking career with the Bank of North America, entering its employ in 1889 in the capacity of general assistant.

In 1890 he accepted a similar position with the Fourth Street National Bank and worked in various departments, including individual ledgers, discount and city collection. He is a hard worker and has filled his various posts with great efficiency, having few interests aside from his business. He is well and favorably known in the banking community and possesses

RENE J. CLARK,
Cashier Fourth Street National Bank,
Philadelphia.

WILLIAM ALEXANDER BULKLEY,
Assistant Cashier Fourth Street National Bank,
Philadelphia.

a wide acquaintance among the bank's customers. His last promotion comes as a recognition of his long and faithful services to the bank.

William Alexander Bulkley, the newly elected assistant cashier of the Fourth Street National Bank of Philadelphia entered the employ of the Bank of North America in 1886 and on May 1, 1888, accepted a position as general assistant with the Fourth Street National Bank. After filling various positions he was placed in charge of the general ledger department, introducing many changes and bringing the work to a high state of efficiency. Later he was given charge of the collateral department, and for two years was auditor of the bank.

His long and varied career with the bank has given him a wide and accurate knowledge of the banking business, and he is well and favorably known in the banking community.

In addition to his studies of all matters pertaining to banking and banking law, he devotes some of his spare time to music and literature.

MONEY, TRADE AND INVESTMENTS

New York, May 4, 1907.

Easier money at home and abroad brought about a material change in the situation last month. That money should lend on call in New York at twenty-five per cent. on March 14 and at one per cent. on April 3 is significant of the revolutionary change which has taken place. After the first week of April the rate at no time went above three per cent., while frequently it was below two per cent. Following closely the improvement in the local money market came the development of ease in the money markets abroad. The Bank of England reduced its rate of discount twice, bringing it down to four per cent., as against five per cent., the rate maintained since January 17. The Bank of Germany lowered its rate from six to five and one-half per cent., and the Bank of the Netherlands from six to five per cent. The Bank of France made no change in its rate, which was advanced in March from three to three and one-half per cent., but the open market rate at Paris is now lower than the Bank rate.

As the New York market led in the reduction in interest rates, it is not surprising that it is credited with having influenced the changes abroad. To what degree it is not possible to estimate, but there is no question that for some time past New York has exerted an unfavorable influence on the foreign markets, the high rates ruling here being a constant menace to the gold hoardings of those centers. In fact, early in the month a shipment of gold was engaged, but the drop in interest caused the engagement to be cancelled.

It is not so easy to explain the transformation which has occurred in the money situation here, nor to explain the conflicting conditions that exist. By general assent the relief given the money market by the United States Treasury disbursements in April has worked the miracle. While the Treasury not infrequently is responsible for disturbing the money market through drawing out of circulation money that is sorely needed, it is possible to make these Treasury absorptions something of a bugaboo. In the past twelve months the extreme accumulation of surplus in the United States Treasury has been a little more than $50,000,000 and the present surplus is about $28,000,000 more than it was a year ago. This, in the absence of any offset, might be considered a damaging influence, but when the fact is noted that the volume of circulation has increased in twelve months $212,000,000, the effect of the Treasury's increase in cash holdings becomes less serious.

The monthly changes in the volume of circulation and in the Treasury cash balances in the past twelve months are shown in the accompanying table:

	Circulation.		In Treasury.	
	Amount.	*Increase in previous month.*	*Amount.*	*Increase in previous month.*
June 1	$2,743,681,120	$23,430,817	$314,219,987	$12,543,783
July 1	2,744,483,830	802,710	325,400,810	11,180,828
Aug. 1	2,757,349,430	12,865,600	332,472,443	7,071,633
Sept. 1	2,766,913,299	9,563,869	344,183,199	11,710,756
Oct. 1	2,812,133,694	45,220,395	336,598,858	*7,584,341
Nov. 1	2,866,882,786	54,749,092	321,626,175	*14,972,683
Dec. 1	2,869,074,255	2,191,469	342,292,534	20,666,359
Jan. 1	2,883,900,328	14,826,073	342,054,440	*238,094
Feb. 1	2,902,902,093	19,001,765	333,818,607	*8,235,833
Mar. 1	2,890,721,222	*12,180,871	353,661,214	19,842,607
Apr. 1	2,906,399,868	15,678,646	345,553,544	*8,107,670
May 1	2,932,106,025	25,706,157	330,403,591	*15,149,953

* Decrease.

In six of the twelve months the Treasury increased its balances, but in only one month was there a decrease in the amount of money in circulation. In the four months to September 1 the Treasury accumulated $42,000,000, but during the same time the volume of circulation increased $46,000,000. The largest increase in Treasury surplus in a single month was in November—nearly $21,000,000, but even in that month the money in circulation increased $2,000,000. In February, when nearly $20,000,000 went into the Treasury, the reduction in circulation was only $12,000,000.

The effect of Treasury receipts and disbursements upon the reserves of the New York banks is not always as apparent as is generally believed. Last month the Treasury let out $15,000,000 of its funds and the clearing-house banks gained nearly $21,000,000 in reserves. Part of the latter therefore is not accounted for by the former. The recent changes in the reserves of the banks are shown as follows:

	Reserves in New York banks.	*Increase in previous month.*
June 1	$266,003,800	*$1,534,400
July 1	274,460,000	8,456,200
Aug. 1	283,921,700	9,461,700
Sept. 1	263,383,700	*20,538,000
Oct. 1	271,055,100	7,671,400
Nov. 1	257,005,800	*14,049,300
Dec. 1	251,107,800	*5,898,000
Jan. 1	250,694,500	*413,300
Feb. 1	281,814,100	31,119,600
Mar. 1	263,466,600	*18,347,500
Apr. 1	268,085,600	4,619,000
May 1	288,892,600	20,807,000

*Decrease.

In four months beside last month there were extreme fluctuations in the reserves. In three of the four they decreased. Last August the banks lost $20,500,000, the Treasury gaining nearly $12,000,000. In October the banks lost $14,000,000 and the Treasury lost nearly $15,000,000. In February the banks lost $18,000,000 and the Treasury gained nearly $20,000,000. In January the reserves of the banks showed the extraordinary increase of $31,000,000, while the Treasury lost only about $8,000,000. The influences which make for stringent or easy money therefore are not entirely centered in Treasury operations. One dominating influence on the one side has been the constant increase in money supply through national bank issues and gold production and imports. On the other side is the increased activity in business, causing a demand for money which the enormous increase in supply has failed to satisfy.

For the present, however, apprehension as to money seems to have been allayed. Any possible stringency which might be expected on July 1 will be relieved to some extent by the disbursement of the Treasury of $35,000,000 for the redemption of the four per cent. bonds maturing on that date. Under the circular of April 2, issued by Secretary Cortelyou, offering to exchange $50,000,000 for two per cent. bonds about $40,000,000 have been so exchanged. There are $53,000,000 of the four per cents. still outstanding and a part of these will be exchanged for the two per cents. between now and July 1.

In the security market there was a pronounced recovery from the decline of the previous month, but with the advance the market became dull. The sales of stock were 5,000,000 shares less than in April, 1906, and 10,000,000 shares less than in the same month in 1905. There has been very little improvement in the bond market, which is not only very dull, but prices for the best classes of bonds are very low. Not in a long time have investors had such favorable opportunities to secure bonds yielding a high rate of interest upon the investment.

The railroads, through inability to finance upon satisfactory terms new issues of securities, have entered upon a policy of retrenchment as regards contemplated extensions and improvements. It is estimated that there will be a shrinkage of at least $400,000,000 in expenditures for improvements this year because of this policy. The commitments of many of the railroads, however, make the raising of new capital necessary, and during the month several issues have been announced. The Erie sold $5,500,000 one-year notes, which are said to have cost the company eight per cent. The Wabash is to issue $6,250,000 new short-term notes to take the place of notes about to mature. The Buffalo, Rochester & Pittsburg is to issue $35,000,000 fifty-year four and one-half per cent. bonds, of which more than one-half is to retire outstanding bonds as they mature. The most interesting announcement was that the New York Central contemplates the issue of equipment trust notes to provide for purchases of equipment this year. This is unusual for that company and indicates the difficulty which attends the raising of capital at this time.

Late in the month something of a sensation was caused by the decision of the Atchison to issue $26,000,000 of ten-year convertible bonds to bear five per cent. The convertible bonds previously issued are four per cents., and that the new issue should bear a higher rate, caused no little discussion, while a sharp decline occurred in the price of the four per cent. bonds.

A further evidence of the difficulty in securing investment capital was afforded in the notice of the dissolution on May 1 of the syndicate which underwrote an issue of $35,000,000 Lake Shore four per cent. debenture bonds. The syndicate was able to dispose of only about one per cent. of the issue and the remainder is to be distributed among the members of the syndicate.

Prosperity has laid a very heavy burden upon the transportation interests of the country. Necessity has compelled the railroads to seek new capital in the last ten years far in excess of what was required in any previous period in their existence. Nor in any other time have the returns upon the investment of new capital been as responsive to its creation as in the present time.

The annual report of the Pennsylvania Railroad just issued throws light upon the problems which have confronted the great railroad systems of the country. This railroad, one of the most important in the world, has expended enormous amounts of money in the last seven years and one of the results has been to increase the number of tons of freight moved one mile from 18,848,947,112 to 32,240,172,703 or seventy-one per cent. In the last seven years the company, to provide for the great increase in its traffic, expended nearly $196,000,000 for new equipment. For engines alone it spent $60,500,000; for freight cars, nearly $125,000,000, and for passenger cars $10,400,000. Among other important disbursements were: renewals, $160,720,000; new construction, $268,773,000; purchase of real estate right of way, etc., $62,703,000. In the six and one-half years ended June 30, 1906, the cost of material and supplies bought by the purchasing departments was $412,499,000. The magnitude of these figures disclose the enormous financial pressure under which the railways have been placed by the development of the resources of the country.

One additional point relative to this company calls for mention. The number of officers and employees has increased since 1899 from 115,725 to 198,930. The pay of employees whose monthly wages are less than $200 has been increased ten per cent. twice since 1900. The increase in wages will make the payroll of the Pennsylvania system this year $12,000,000 greater than it was in 1906.

With most of the railroads the increased cost of labor and material is at the present time a serious matter, none the less so because on the other side come the pressure for rate reductions now agitated in nearly every state.

For several years past the net earnings of the railroads have increased at a rate not disproportionate to the increase in gross earnings. Recently, however, there have been indications that operating expenses are increasing more rapidly than earnings and the net income of some of the railroads at least are either at a standstill or falling off. From present indications the March returns of the railroads will be unfavorable. Some of the roads which have reported their earnings show either slight gains in net earnings or losses. The Chesapeake & Ohio in March gained gross $104,235 and lost net $129,162. The Southern Pacific, with a gain of $1,030,787 in gross earnings, reports a loss of $568,909 in net earnings. The Union Pacific reports an increase of $1,093,870 in gross earnings for the month and of only $150,616 in net earnings. The Pennsylvania, on its Eastern lines, gained in gross earnings $635,700, while the net earnings fell off $464,400. On the Western lines the gross increased $477,200, but the net earnings increased only $204,800. The combined earnings therefore increased $1,112,900 gross, but the operating expenses increased $1,372,500, leaving a loss of $259,600 in net earnings.

The earnings for the first quarter of 1907 have been reported by both the Pennsylvania and the New York Central systems. The former shows a loss in net earnings of $843,200 and the latter of $2,258,594. The New York Central, after paying its dividend for the quarter, reports a deficit of nearly $2,460,000. With these roads as with others it is the increase in operating expenses and not a decrease in traffic earnings which is responsible for the unfavorable showing.

PENNSYLVANIA RAILROAD.

January 1 to March 31.	*1907.*	*1906.*		
Eastern Lines:				
Gross earnings	$37,203,541	$35,357.841	Increase,	$1,845,700
Operating expenses	29,118,224	26,305,624	"	2,812,600
Net earnings	$8,085,317	$9,052,217	Decrease,	$966,900
Western Lines:				
Gross earnings	......	......	Increase,	$1,334,700
Operating expenses	......	......	"	1,211,000
Net earnings	......	......	Increase,	$123,700
Net earnings system	......	......	Decrease,	843,200

NEW YORK CENTRAL.

January 1 to March 31.	*1907.*	*1906.*	*Changes.*	
Gross earnings	$21,788,770	$21,292,255	Increase,	$496,515
Expenses	18,202,871	15,447,762	"	2,755,109
Net earnings	$3,585,899	$5,844,493	Decrease,	$2,258,594
Other income	2,359,515	1,591,681	Increase,	767,834
Total income	$5,945,414	$7,436,174	Decrease,	$1,490,760
Charges and taxes	5,725,922	5,522,826	Increase,	203,796
Surplus	$219,492	$1,913,348	Decrease,	$1,693,856
Dividends	2,679,480	1,864,973	Increase,	814,507
Deficit	$2,456,988	$48,375	Increase,	$2,508,363

The prosperity of the country as well as of the railroads has had for its foundation a series of good crops, and the sentiment widely prevails that good times will continue as long as the crops are satisfactory. For this reason the first Government report of the year on the condition of winter wheat, published on April 10, was awaited with much interest. The average was given as 89.9, as compared with 94.1 on December 1 and 89.1 on April 1 last year. Without allowing for any reduction in acreage because of winter-killed wheat, the estimated yield of winter wheat would be about 494,000,000 bushels, or 10,000,000 bushels less than was indicated last December. It is, however, about 1,000,000 bushels more than the actual yield last year.

Crop conditions have been rather unfavorable during the month although the reports of injury to the growing wheat have been in many cases exaggerated. There is nevertheless a possibility that the wheat productions of 1907 may fall short of the bumper crops which have contributed to the prosperity of the country in recent years.

The condition of general business throughout the country continues favorable as indicated by the record of commercial failures. The compilation made by R. G. Dun & Co. shows that the failures in the first quarter of the year were 3,136 in number with liabilities aggregating $32,075,591. This is a very favorable showing, only four times since 1881 have the liabilities been less than this year. In 1904 the failures were 3,344 and the liabilities $48,000,000. Compared with 1906 there was a decrease of about $1,700,000 in liabilities.

There has been a small reduction in the production of pig iron, the weekly output on April 1 being 497,456 tons, as compared with 511,035 tons on March 1, and 513,860 tons on December 1. The total production in March was 2,225,175 tons, or about 10,000 tons below the high record made in December.

The quarterly report of the United States Steel Corporation shows that the steel industry is experiencing unprecedented prosperity. The net earnings for the quarter ended March 31 were $39,000,000, as compared with $36,000,000 in 1906, and $23,000,000 in 1905. The unfilled orders on hand March 31 were 8,043,858 tons, comparing with 7,018,712 tons in 1906 and 5,597,560 tons in 1905.

THE MONEY MARKET.—Conditions in the local money market improved very materially in April. Relief came through the operations of the United States Treasury, while the lower rates of discount established by European banks and the easier condition of foreign money markets generally had a favorable influence. Money on call was frequently below 2 per cent. and after the first few days did not go above 3 per cent. At the close of the month call money ruled at 1¾@2¼ per cent., with the majority of loans at 2 per cent. Banks and trust companies loaned at 1¾ per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 3½ per cent. for sixty days, 3¾ per cent. for ninety days, 4 per cent. for four months, and 4½ per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 6@7 per cent. for sixty to ninety days endorsed bills receivable, 5½@6 per cent. for first-class four to six months' single names, and 6@7 per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Dec. 1.	Jan. 1.	Feb. 1.	Mar. 1.	Apr. 1.	May 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances	6 —27	6 —40	1¾ - 3½	5¼—6	2¾—5	1¾—2¼
Call loans, banks and trust companies	4 —	4 —	2 —	4 —	3 —	1¾—2
Brokers' loans on collateral, 30 to 60 days	7½—	6½ - 7	5¼ - ½	5¼—	6½—	3½—
Brokers' loans on collateral, 90 days to 4 months	7 — ½	6½—7	5½—	5¼— ½	6 —	3¾—4
Brokers' loans on collateral, 5 to 7 months	6 — ½	6 — ½	5½ - ¾	5½— ¾	6 —	4½—
Commercial paper, endorsed bills receivable, 60 to 90 days	6 — ½	6 — ½	5¾—6¼	5¾—6	6 —½	5½—6
Commercial paper, prime single names, 4 to 6 months	6 — ½	6 — ½	5¾—6¼	5¾—6	6 —½	5½—6
Commercial paper, good single names, 4 to 6 months	6½—7	6½—7	6½—	6½—	6¾—7	6 —7

NEW YORK BANKS.—In the past month there were such extraordinary changes in the weekly statements of the clearing-house banks as to attract renewed attention to the fact that these statements have ceased to be a correct index of the banking situation. Between March 30 and April 30 an increase of $68,000,000 in loans was reported the only possible explanation of which was the shifting of loans from Europe to New York and the withdrawal from the loan market of trust companies whose figures are not included in the bank returns. Deposits in the same time increased $88,000,000. Both items show a decrease of about $2,000,000 for the last week of the month. The reserve increased $21,000,000 during the month, making an increase of nearly $35,000,000 since March 16. This is largely accounted for by the disbursements of the United States Treasury.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

DATES.	*Loans.*	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
Mar. 30...	$1,056,545,200	$195,669,700	$72,425,900	$1,019,817,300	$13,131,275	$50,820,000	$1,994,438,600
Apr. 6...	1,062,688,800	206,958,000	71,661,500	1,036,713,100	19,441,225	50,398,800	2,006,935,800
" 13...	1,099,657,100	212,966,300	73,302,100	1,081,661,900	15,852,925	50,238,600	1,881,534,400
" 20...	1,125,004,900	215,129,400	73,616,300	1,108,163,500	11,704,825	50,106,800	1,725,859,700
" 27...	1,123,417,600	213,126,300	75,766,300	1,106,183,300	12,346,775	50,069,300	1,577,474,800

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	1905.		1906.		1907.	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April..........	1,138,661,300	6,664,575	1,004,290,500	5,131,270	1,019,817,300	13,131,275
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,300	12,346,775
June..........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	....	....
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	....	....
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	....	....
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	....	....
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,350	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December ...	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Mar. 30.....	$122,584,800	$127,698,600	$5,570,100	$6,693,200	$11,228,000	$4,270,800	*$4,162,550
Apr. 6.....	123,393,300	131,552,000	5,749,800	6,661,400	13,584,800	4,480,500	* 2,411,510
" 13.....	123,882,400	133,001,900	5,885,400	6,804,700	14,157,200	4,545,600	* 1,857,575
" 20.....	124,254,900	133,558,900	5,858,100	6,636,300	13,825,500	5,204,000	* 1,865,825
" 27.....	124,743,500	133,356,800	6,129,800	6,691,400	13,381,400	4,832,800	* 2,303,800

* Deficit.

BOSTON BANKS.

DATES.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Mar. 30........	$178,166,000	$201,774,000	$16,139,000	$3,913,000	$8,473,000	$171,180,800
Apr. 6........	177,128,000	209,372,000	17,037,000	4,224,000	8,511,000	185,972,200
" 13........	179,053,000	213,222,000	17,574,000	4,482,000	8,495,000	170,257,600
" 20........	181,796,000	225,187,000	18,858,000	4,492,000	8,520,000	158,333,800
" 27........	190,124,000	223,683,000	19,055,000	4,851,000	8,503,000	163,792,400

PHILADELPHIA BANKS.

DATES.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings
Mar. 30	$219,512,000	$246,100,000	$51,331,000	$14,025,000	$133,947,200
Apr. 6	219,592,000	248,669,000	54,515,000	14,017,000	162,345,300
" 13	219,482,000	253,079,000	58,548,000	14,061,000	143,376,500
" 20	221,094,000	259,564,000	62,034,000	13,998,000	151,297,900
" 27	223,071,000	259,284,000	60,547,000	13,989,000	138,310,200

FOREIGN BANKS.—The changes in the gold holdings of the European banks were unimportant. The Bank of England gained $4,000,000, while the other banks generally report decreases: France, $2,000,000; Germany, $3,000,000, and Russia $5,000,000.

GOLD AND SILVER IN THE EUROPEAN BANKS.

	March 1, 1907.		April 1, 1907.		May 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£36,729,623	....	£34,996,242	....	£35,757,974	....
France	105,472,703	£39,393,339	104,168,157	£39,182,743	103,634,780	£39,208,552
Germany	34,656,000	11,552,000	34,439,000	11,479,000	33,692,000	11,231,000
Russia	119,084,000	5,409,000	118,513,000	5,537,000	117,391,000	6,125,000
Austria-Hungary	46,409,000	12,229,000	45,376,000	12,425,000	45,595,000	12,523,000
Spain	15,412,000	24,613,000	15,435,000	25,048,000	15,469,000	25,388,000
Italy	32,568,000	4,942,400	32,461,000	4,985,600	32,337,000	4,983,100
Netherlands	5,544,500	5,828,300	5,145,400	5,764,600	5,184,600	5,667,000
Nat. Belgium	3,306,000	1,653,000	3,327,333	1,663,667	3,203,333	1,601,667
Sweden	4,108,000	....	4,161,000	....	4,148,000	....
Totals	£403,289,826	£105,620,039	£398,022,132	£106,085,610	£396,412,687	£106,727,319

FOREIGN EXCHANGE.—There was a continuous advance in sterling exchange during the month, netting four cents for long and two cents for sight. The decline in interest rates in the New York market was the governing influence, while the advance in the stock market caused the sale of American securities for London account.

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
Mar. 30	4.7875 @ 4.7900	4.8310 @ 4.8315	4.8390 @ 4.8400	4.78¼ @ 4.78½	4.77¾ @ 4.79¼
Apr. 6	4.8175 @ 4.8180	4.8565 @ 4.8570	4.8630 @ 4.8640	4.80¾ @ 4.80⅞	4.80½ @ 4.81¼
" 13	4.8240 @ 4.8250	4.8550 @ 4.8555	4.8600 @ 4.8605	4.82 @ 4.82⅛	4.81⅝ @ 4.82⅛
" 20	4.8285 @ 4.8300	4.8580 @ 4.8595	4.8625 @ 4.8650	4.82⅜ @ 4.82½	4.81¾ @ 4.82⅝
" 27	4.8330 @ 4.8340	4.8610 @ 4.8620	4.8650 @ 4.8655	4.82¾ @ 4.82⅞	4.82¾ @ 4.83

MONEY RATES ABROAD.—The conditions became much easier in the money markets abroad and a general decline in rates occurred. The Bank of England on April 11 reduced its rate of discount from 5 to 4½ per cent., and on April 25 to 4 per cent. The Bank of Germany on April 23 reduced its rate from 6 to 5½ per cent. The 6 per cent. rate was established on January 22, prior to which time the rate was 7 per cent. from December 18. The Bank of the Netherlands reduced its rate on April 15 from 6 to 5½ per cent. and on April 23 to 5 per cent. Discounts of sixty to ninety-day bills in London at the close of the month were 5¾ per cent., against 5@5⅛ per cent. a month ago. The open market rate at Paris was $3\frac{1}{4}$ per cent., against $3\frac{1}{2}$ per cent. a month ago, and at Berlin and Frankfort $4\frac{1}{2}$ per cent., against $5\frac{3}{8}$@$5\frac{1}{2}$ per cent. a month ago.

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Jan. 1.	*Feb. 1.*	*Mar. 1.*	*April 1.*	*May 1.*
Sterling Bankers—60 days	4.78¼ — ½	4.80½ — ⅝	4.80⅜ — ½	4.78¾ — 79	4.83⅛ — ¼
" " Sight	4.83⅜ — ½	4.84⅝ — ¾	4.84⅝ — ¾	4.83⅛ — ¼	4.86⅛ —
" " Cables	4.84⅜ — ½	4.85⅜ — ½	4.85⅜ — ½	4.83⅞ — 84	4.86⅜ — ½
" Commercial long	4.79 — ¼	4.80⅛ — ¼	4.80⅛ — ¼	4.78¼ — ½	4.82⅞ — 83
" Docu'tary for paym't.	4.78½ — 79	4.79½ — 80¾	4.79⅝ — ¾	4.77¾ — 9¼	4.82⅜ — 83
Paris—Cable transfers	5.21¼ — 20⅝	5.19⅜ — 18¾	5.20⅝ —	5.22½ —	5.16⅞ —
" Bankers' 60 days	5.25⅝ — 25	5.23⅛ — 22½	5.24⅜ — 23¾	5.26¼ — 25⅝	5.20⅝ — 20
" Bankers' sight	5.21⅞ — ¼	5.20 1/16 —	5.21¼ —	5.23⅛ —	5.17½ —
Swiss—Bankers' sight	5.22½ —	5.20⅝ — 1/16	5.20⅝ — 1/16	5.24⅜ — 3¾	5.18⅛ — 17½
Berlin—Bankers' 60 days	93½ — ⅝	93 13/16 — 15/16	93⅝ — ¾	93⅜ — ½	94 7/16 — 9/16
" Bankers' sight	94⅛ — ¼	94½ — ⅝	94 7/16 — 9/16	94 3/16 — ¼	94 15/16 — 95
Belgium—Bankers' sight	5.24⅜ —	5.21⅞ — ¼	5.22½ — 21⅞	5.25 — 4⅜	5.18¾ — 17½
Amsterdam—Bankers' sight	39 13/16 — ⅞	40 — 1/16	39¾ — 13/16	39 13/16 — ⅞	40¼ —
Kronors—Bankers' sight	26⅜ — ⅝	26⅝ — ⅞	26⅝ — ⅞	26⅝ — ⅞	26⅝ — ⅞
Italian lire—sight	5.21¼ — 20⅝	5.19⅜ —	5.21¼ —	5.24⅜ — 23¾	5.18¾ — ⅛

Bank of England Statement and London Markets.

	Jan. 31, 1907.	*Feb. 28, 1907.*	*Mar. 31, 1907.*	*Apr. 30, 1907.*
Circulation (exc. b'k post bills)	£27,858,000	£27,885,000	£29,260,000	£29,165,000
Public deposits	9,121,000	14,980,000	14,916,000	9,288,000
Other deposits	42,239,000	42,741,000	43,046,000	46,005,000
Government securities	15,458,000	15,454,000	15,450,000	15,321,000
Other securities	29,241,000	33,23[illegible],000	37,809,000	32,844,000
Reserve of notes and coin	24,840,000	27,294,000	24,187,000	25,042,000
Coin and bullion	34,249,496	36,729,632	34,996,242	35,757,974
Reserve to liabilities	48.31%	47.22%	40.95%	45.21%
Bank rate of discount	5%	5%	5%	4%
Price of Consols (2½ per cents.)	87	87	85 11/16	84 15/16
Price of silver per ounce	31⅛d.	32⅛d.	30⅝d.	30 7/16d.

Silver.—The silver market in London was irregular the price fluctuating between 30 and $30\frac{1}{2}$ pence. It closed at 30 7-16d., a net decline for the month of 3-16d.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.	Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.
January	28⅜	27 9/16	30¼	29 11/16	32 7/16	31¼	July	27 5/16	26⅞	30 7/16	29 13/16	....	....
February	28 5/16	27⅝	30 13/16	30⅛	32⅛	31½	August	28¾	27⅛	30 13/16	29⅞	....	....
March	27 11/16	25 13/16	30 7/16	29	32 1/16	30⅝	Septemb'r	28¾	28	31¾	30 13/16	....	....
April	26⅝	25 7/16	30 9/16	29⅝	30½	30	October	28 13/16	28⅜	32 9/16	31 11/16	....	....
May	27 5/16	26⅛	31⅜	30 9/16	....	....	Novemb'r	30 5/16	28 13/16	33⅛	32	....	....
June	27⅛	26¾	31 1/16	29⅝	....	....	Decemb'r	30 5/16	29⅜	32 5/16	31 9/16	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.85	4.88	Mexican 20 pesos	19.50	19.65
Twenty francs	3.85	3.88	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.51	.53
Twenty-five pesetas	4.78	4.82	Peruvian soles	.46¼	.49¼
Spanish doubloons	15.50	15.65	Chilian pesos	.46¼	.49¼

Bar silver in London on the first of this month was quoted at 30 7/16d. per ounce. New York market for large commercial silver bars, 66⅛ @ 67¾c. Fine silver (Government assay), 66¼ @ 68c. The official price was 66c.

National Bank Circulation.—Bank-note circulation was further expanded $2,701,000 in April and is now nearly $600,000,000, the largest total ever recorded. There was an increase of $3,000,000 in Government bonds deposited to secure circulation. The 4 per cents. of 1907 were reduced $26,000,000 while the 2 per cents. of 1930 were increased $29,000,000. The bonds deposited to secure public deposits have increased $16,000,000 to $192,681,000. Of these $88,000,000, an increase of $15,000,000, consist of state, city and railroad issues.

National Bank Circulation.

	Jan. 31, 1907.	*Feb. 28, 1907.*	*Mar. 31, 1907.*	*Apr. 30, 1907.*
Total amount outstanding	$597,197,569	$596,343,022	$597,212,063	$599,913,840
Circulation based on U. S. bonds	549,698,574	549,737,373	547,683,063	550,204,771
Circulation secured by lawful money	46,498,995	46,605,649	49,579,000	49,709,069
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	27,682,500	28,379,250	27,471,750	1,290,550
Four per cents. of 1925	6,636,900	7,329,900	7,546,900	7,658,900
Three per cents. of 1908–1918	4,352,220	4,898,020	4,460,220	4,272,820
Two per cents. of 1930	497,788,350	495,820,700	493,830,950	523,055,200
Panama Canal 2 per cents	16,793,580	17,028,080	16,828,080	16,921,580
Total	$553,253,550	$552,955,950	$550,137,900	$553,199,050

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $1,260,750; 4 per cents. of 1925, $5,420,750; 3 per cents. of 1908–1918, $7,179,000; 2 per cents. of 1930, $65,022,750; Panama Canal 2 per cents, $12,725,800; District of Columbia 3.65's, 1924, $1,113,000; Hawaiian Islands bonds, $1,711,000; Philippine loan, $9,746,000; state, city and railroad bonds, $88,027,375; a total of $192,681,425.

Government Revenues and Disbursements.—The revenues of the Government continue to increase as compared with those of the previous year, increasing in April over $8,000,000 and since July 1, $53,000,000. Expenditures increased $1,000,000 in April, which represents the increase for the ten months of the fiscal year. The surplus for April was $5,189,000, making a total of $56,475,000 since July 1, 1906. In the previous fiscal year the surplus for the ten months was only $4,000,000.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	*April, 1907.*	*Since July 1, 1906.*
Customs	$27,551,058	$277,565,048
Internal revenue	21,233,952	222,993,112
Miscellaneous	4,475,581	44,548,499
Total	$53,260,591	$545,106,659
Excess of receipts	$5,189,457	$56,475,751

Expenditures.

Source.	*April, 1907.*	*Since July 1, 1906.*
Civil and mis.	$10,870,439	$106,137,974
War	8,049,695	87,948,595
Navy	8,177,426	79,876,702
Indians	1,208,969	13,125,313
Pensions	10,285,023	115,786,007
Public works	7,202,684	62,730,982
Interest	2,276,898	23,025,335
Total	$48,071,134	$488,630,908

Foreign Trade.—The exports and imports of merchandise continue to make new records. The exports in March exceeded $162,000,000, the largest reported for that month in any year and an increase over the corresponding month of 1906 of $17,000,000. Imports were $133,000,000, exceeding all previous March records and coming within $1,000,000 of the highest total for any month in any year, last December being the only month which shows a greater volume. The balance of net exports for the month is $29,000,000, which approximates the balance for each of the previous three years. For the nine months of the current fiscal year the exports show an increase of $108,000,000 and the imports of $152,000,000 causing a reduction in the excess of exports of $44,000,000. There was nearly $3,000,000 gold imported in March, making the net movement for the nine months foot up almost $84,000,000. Silver exports continue to decline, being $1,122,000 in March, a decrease of nearly $600,000.

Exports and Imports of the United States.

Month of March.	Merchandise. Exports.	Merchandise. Imports.	Merchandise. Balance.	Gold Balance.	Silver Balance.
1902..................	$106,749,401	$84,227,082	Exp., $22,522,519	Exp., $1,796,633	Exp., $194,792
1903..................	132,093,964	96,230,457	" 35,863,507	Imp., 3,525,130	" 2,185,879
1904..................	119,888,449	91,347,909	" 28,540,540	" 5,791,704	" 1,990,467
1905..................	136,978,429	110,431,188	" 26,547,241	" 2,740,808	" 1,659,836
1906..................	145,510,707	113,597,577	" 31,913,130	Exp., 287,932	" 1,703,973
1907..................	162,689,950	133,323,085	" 29,366,865	Imp., 2,881,146	" 1,122,322
Nine Months.					
1902..................	1,080,987,514	678,694,539	Exp., 402,292,975	Imp., 1,208,163	Exp., 16,524,903
1903..................	1,114,162,027	777,002,217	" 337,159,810	" 21,012,735	" 19,011,434
1904..................	1,167,835,675	745,710,093	" 422,124,982	" 56,008,452	" 15,313,680
1905..................	1,145,039,237	839,430,114	" 305,609,123	Exp., 49,515,988	" 17,533,200
1906..................	1,343,902,090	913,555,097	" 430,346,993	Imp., 16,890,540	" 18,154,734
1907..................	1,451,904,971	1,066,059,911	" 385,845,060	" 83,847,545	" 10,323,079

United States Public Debt.—The statement of the public debt on May 1 shows that $46,000,000 of the 4 per cent. bonds of 1907 were retired in April, making $58,000,000 extinguished since March 1. Only $53,500,000 are now outstanding. The 2 per cents. of 1930 were increased about $40,000,000 and the total bonded debt therefore shows a decrease of less than $7,000,000. The balance in the Treasury was reduced about $1,500,000 and is at present $401,000,000. The debt less cash in the Treasury at the close of the month was $903,000,000, a reduction for the month of $6,000,000, and since January 1 of $32,000,000.

United States Public Debt.

	Feb. 1, 1907.	*Mar. 1, 1907.*	*April 1, 1907.*	*May 1, 1907.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent.......	**$595,942,350**	**$595,942,350**	**$595,942,350**	**$635,609,050**
Funded loan of 1907, 4 per cent	**113,617,050**	**111,696,300**	**99,830,800**	**53,500,600**
Refunding certificates, 4 per cent......	**25,800**	**25,5[illegible]**	**25,150**	**23,620**
Loan of 1925, 4 per cent..................	**118,489,900**	**118,489,900**	**118,489,900**	**118,489,900**
Ten-Twenties of 1895, 3 per cent.........	**63,945,460**	**63,945,460**	**63,945,460**	**63,945,460**
Panama Canal Loan of 1916, 2 per cent.	**30,000,000**	**30,000,000**	**30,000,000**	**30,000,000**
Total interest-bearing debt...........	**$922,020,560**	**$920,099,510**	**$908,233,660**	**$901,568,630**
Debt on which interest has ceased... ...	**1,095,745**	**1,095,695**	**1,095,365**	**1,095,135**
Debt bearing no interest:				
Legal tender and old demand notes.....	**346,734,298**	**346,734,298**	**346,734,298**	**346,734,298**
National bank note redemption acct..	**45,434,571**	**46,005,527**	**49,046,767**	**48,463,418**
Fractional currency.....................	**6,865,237**	**6,864,477**	**6,864,477**	**6,864,477**
Total non-interest bearing debt......	**$399,034,106**	**$399,604,302**	**$402,645,542**	**$402,062,193**
Total interest and non-interest debt.	**1,322,150,412**	**1,320,799,508**	**1,311,974,568**	**1,304,725,959**
Certificates and notes offset by cash in the Treasury:				
Gold certificates........................	**652,570,869**	**646,082,869**	**652,191,869**	**672,336,869**
Silver certificates......................	**475,642,000**	**471,993,000**	**471,673,000**	**476,150,000**
Treasury notes of 1890	**6,488,000**	**6,385,000**	**6,282,000**	**6,182,000**
Total certificates and notes...........	**$1,134,700,869**	**$1,124,460,869**	**$1,130,146,869**	**$1,154,668,869**
Aggregate debt	**2,456,851,281**	**2,445,260,377**	**2,442,121,437**	**2,459,394,828**
Cash in the Treasury:				
Total cash assets	**1,636,074,417**	**1,635,484,485**	**1,648,790,810**	**1,672,151,086**
Demand liabilities........................	**1,241,366,211**	**1,235,329,830**	**1,245,922,807**	**1,270,762,744**
Balance	**$394,708,206**	**$400,154,654**	**$402,868,002**	**$401,388,342**
Gold reserve.............................	**150,000,000**	**150,000,000**	**150,000,000**	**150,000,000**
Net cash balance........................	**244,708,206**	**250,154,654**	**252,868,002**	**251,388,342**
Total	**$394,708,206**	**$400,154,654**	**$402,868,002**	**$401,388,342**
Total debt, less cash in the Treasury.....	**927,442,206**	**920,644,854**	**909,106,566**	**903,337,617**

Money in Circulation in the United States.—Nearly $26,000,000 was added to the volume of currency in circulation in April, bringing the per capita circulation up to $34.16, an increase of twenty-five cents for the month. The largest increase was in gold certificates, more than $20,000,000.

Money in Circulation in the United States.

	Feb. 1, 1907.	*Mar 1, 1907.*	*April 1, 1907.*	*May 1, 1907.*
Gold coin	$695,539,841	$692,895,812	$690,4[illegible]9,279	$691,481,469
Silver dollars	83,173,040	82,917,781	82,923,706	82,528,304
Subsidiary silver	120,408,163	120,773,109	121,059,533	121,349,701
Gold certificates	617,564,6[illegible]9	601,459,399	610,173,479	630,371,859
Silver certificates	462,936,189	464,622,489	466,962,033	469,8[illegible]9,163
Treasury notes, Act July 14, 1890	6,473,540	6,367,091	6,271,741	6,168,758
United States notes	338,559,724	338,927,518	341,746,454	341,979,242
National bank notes	578,246,907	582,758,023	586,823,643	588,397,549
Total	$2,902,902,0[illegible]8	$2,890,721,222	$2,906,399,868	$2,932,106,025
Population of United States	85,484,000	85,602,000	85,720,000	85,838,000
Circulation per capita	$33.96	$33.77	$33.91	$34.16

Money in the United States Treasury.—The net cash in the Treasury was reduced during the month $15,000,000, making a total of $23,000,000 withdrawn since March 1, although the Treasury surplus shows an increase of over $1,000,000 for the same time. By paying off bonds and depositing public funds in the banks the Government is preventing an accumulation of money in the Treasury.

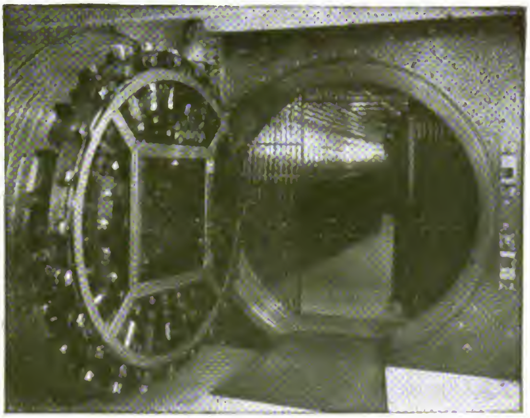
Money in the United States Treasury.

	Feb. 1, 1907.	*Mar. 1, 1907.*	*April 1, 1907.*	*May 1, 1907.*
Gold coin and bullion	$902,576,266	$912,076,815	$920,934,471	$926,412,272
Silver dollars	485,078,490	485,333,749	485,327,824	485,723,226
Subsidiary silver	7,066,315	7,361,332	7,375,520	8,419,788
United States notes	8,121,282	7,753,498	4,934,562	4,701,774
National bank notes	17,950,662	13,584,999	10,388,420	11,516,291
Total	$1,4[illegible]0,793,0[illegible]5	$1,426,110,193	$1,428,960,797	$1,436,778,351
Certificates and Treasury notes, 1890, outstanding	1,086,974,418	1,072,448,979	1,083,407,253	1,106,369,760
Net cash in Treasury	$333,818,607	$353,661,214	$345,553,544	$330,403,591

Supply of Money in the United States.—The total stock of money in the country is still growing beyond all previous proportions. The increase in April was $10,500,000, of which $6,500,000 was in gold, $2,700,000 in national bank notes and $1,300,000 in fractional silver.

Supply of Money in the United States.

	Feb. 1, 1907.	*Mar. 1, 1907.*	*April 1, 1907.*	*May 1, 1907.*
Gold coin and bullion	$1,598,116,107	$1,604,972,427	$1,611,373,750	$1,617,893,741
Silver dollars	568,251,530	568,251,530	568,251,530	568,251,530
Subsidiary silver	127,474,478	128,134,441	128,435,053	129,769,489
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	596,197,569	596,343,022	597,212,063	599,913,840
Total	$3,236,720,700	$3,244,382,4[illegible]6	$3,251,953,412	$3,262,509,616



BANKING AND FINANCIAL NOTES

NEW YORK CITY

—The Panama Bank, which is the New York branch of the Panama Banking Co., located on the Isthmus of Panama, has removed from 17 State street to 90 West street.

—Leslie R. Palmer and others have incorporated the Brunswick National Bank to do business in the new Brunswick Building at Twenty-seventh street and Fifth avenue. The bank will have $200,000 capital and the same amount of paid-in surplus.

—At the recent annual meeting of the Guaranty Trust Co. C. R. Newton was added to the board of directors, and the other directors of the company were re-elected.

—Walter F. Albertson has resigned as a national bank examiner for the New York district to become cashier of the new Copper National Bank. Mr. Albertson is from Illinois, and was for five years examiner for the District of Columbia. George T. Cutts, examiner for the Philadelphia district, will be transferred to New York to supply the vacancy caused by Mr. Albertson's resignation.

—The Mutual Alliance Trust Co. has bought a site for another branch building at 266 and 268 Grand street.

—Pending the erection of its new building, the Importers and Traders' National Bank will occupy the quarters at 303 Broadway temporarily used by the Chemical National Bank, which is now in its new home at 270 Broadway.

—Henry C. Deming has resigned as president of the Mercantile Trust Co. after having been connected with the company for twenty-seven years, and will take an extended rest in Europe in the hope of restoring his health, which has become somewhat impaired. Resolutions were adopted by the board of directors expressing appreciation of Mr. Deming's long and loyal service and regretting that the state of his health constrained him to resign.

—Following are proposed amendments to the rules of the New York Clearing-House Association, to be voted on at the next regular meeting:

1. Banks acting as redeeming agents for other institutions not members of this association, shall keep and maintain in their own vaults, a cash reserve of net deposits equal to the highest percentage of reserve required by law of any member of this association.

2. No member of this association shall send or pay through the exchanges checks or other items drawn on banks, bankers or trust companies, not members of this association, by customers thereof in Greater New York, and made payable at a clearing-house bank, unless the same shall first be accepted and made payable at a clearing-house bank, by the bank, banker or trust company upon which they are drawn. This provision shall also apply to non-members making exchanges through members of this association.

3. Add to section 16: The several items of the weekly statement are to comprise the following:

Loans and Discounts—Loans, discounts and stocks and bonds and mortgages owned by the bank. Specie—Gold and silver coin, United States and Clearing-House gold certificates and United States silver certificates. Legal tender notes—United States legal tender notes of all issues. Circulation—Amount outstanding. Deposits—Gross deposits and unpaid dividends, less exchanges for the clearing-house, amounts due from other banks for collection, notes of other banks and checks on non-clearing institutions in this city.

—The new National Copper Bank, located in the Trinity Building, 111 Broadway, is now open for business. Charles H. Sabin, formerly of the National Commercial Bank, Albany, is president, and Walter F. Albertson, formerly national bank examiner for the New York district, is cashier. This bank represents the large copper interests of the country, and it is said will have about $20,000,000 deposits from the start.

—The Greenwich Bank of 402 Hudson street is to have a new building at

Sixth avenue and Thirty-fifth street, to cost $60,000.

—On April 12 the Fourteenth Street Bank, one of the prominent state banks of the city, was admitted to membership in the clearing-house association.

A few months ago the capital of this bank was increased from $500,000 to $1,000,000. It has $350,000 surplus and about $50,000 undivided profits.

—On April 26 formal announcement was made of the merger of the Colonial Trust Co. with the Trust Company of America, the former company continuing to do business as a branch of the latter.

NEW ENGLAND STATES.

—At the annual meeting of the Boston Clearing-House Association April 8 Franklin Haven was re-elected president and Arthur W. Newell secretary. The total membership of the association is twenty-one; the combined capital of the banks, $25,650,000; the surplus, $24,413,000, and aggregate deposits $209,478,000. The foreign department's total collections were $628,335,761, an increase of $10,508,257.

—George E. Brock, who has been treasurer of the Home Savings Bank of Boston for four years, was recently elected president to succeed the late Charles H. Allen. Mr. Brock was born in Brighton in 1860. At the age of nineteen he became a messenger in the National Market Bank of Brighton and in 1891 was chosen treasurer of the Brighton Savings Bank, a position he retained until elected as treasurer of the Home Savings Bank in 1903.

—Russell G. Fessenden was recently elected president of the American Trust Company to succeed T. Jefferson Coolidge, resigned.

—To remove all apprehension regarding the payment of dividends of the New Britain (Ct.) Savings Bank, caused by the heavy defalcation of a former treasurer of the bank, Hon. Philip Corbin, the president, has guaranteed the payment of the customary annual dividend of four per cent. from July 1, 1907, to January 1, 1909.

MIDDLE STATES.

—The Executive Committee of Group VII New York State Bankers' Association met at the Crescent Club, Brooklyn, on April 3, as the guests of the chairman, Edmund D. Fisher, with the following gentlemen present: Edmund D. Fisher, Henry M. Randall, Valentine W. Smith, Milton J. Davies, Hiram R. Smith, and Charles S. Mott.

The spring meeting of the group was held April 24, at the Assembly, at which time Hon. Leslie M. Shaw, ex-Secretary of the Treasury, and Dr. F. A. Cleveland, the author of "Banks and the Treasury" were the principal speakers.

—A report compiled by the Pittsburgh Chamber of Commerce shows that $350,000,000 is paid annually to the wage earners of the Pittsburgh district, a majority of whom are included in the 250,000 workmen employed in the 3,029 manufacturing plants of the district. The production of the district for last year was 551,000,000 tons.

It requires 3,500,000 freight cars a year to transport the product of the district, and the railroads last year carried 113,000,000 net tons of freight, while the steamboats transported 9,000,000 more tons, a grand total tonnage for the year of 122,000,000 tons.

The coal product of the district alone was 46,000,000 tons. The production of steel was over 6,500,000 tons. Nearly 7,500,000 barrels of petroleum were produced, while about 750,000 tons of steel rails were manufactured. The blast furnaces of the district turned out 5,410,000 tons of iron in 1906.

The value of some classes of manufactured products are shown by these figures: Electrical and auxiliary manufacturers, $45,000,000; air brakes, $10,416,000; under-ground cable and wire, $16,000,000; railway switch and signal appliances, $46,100,000.

In the steel-car plants 47,500 men constructed 80,000 cars, using in their manufacture 1,000,000 tons of steel. One thousand mills and 17,000 families consumed 250,000,000 cubic feet of gas during the last year, while the total population of the district is 760,357 people.

—David O. Watkins, Banking Commissioner of New Jersey, recently issued his statement of the condition of the State banks, trust companies and savings banks in New Jersey. The statement covers 112 institutions. They have total resources of $292,458,457. The combined deposits amount to $237,026,894, and the surplus funds to $22,758,801.

The number of trust companies reporting is sixty-nine, with the following showing: Resources, $176,448,919; deposits, $131,838,798; surplus, $16,221,706.

State banks to the number of seventeen report as follows: Resources, $15,268,691; deposits, $11,744,386; surplus, $1,045,000.

The savings banks report covers twenty-six institutions with resources of $100,790,846; deposits of $93,443,710, and surplus of $6,492,094.

—At the recent annual convention of the New Jersey State Bankers' Association, at Atlantic City, the following officers were elected: President, Henry G. Parker, New Brunswick; vice-president, W. C. Heppenheimer, Hoboken; treasurer, Edward J. Howe, Princeton; secretary, William J. Fields, Jersey City; executive committee, John D. McGill, Jersey City; Hugh H. Hamill, Trenton; William M. Franklin, East Orange, and Henry H. Pond, Vineland.

The report of William J. Field, secretary of the association, showed that there are now in New Jersey, twenty-six savings banks, sixty-eight trust companies, seventeen State banks, and 151 national banks, a gain of five over last year. A gain of 14,529 depositors has been made by the national banks during the year, and trust companies have gained 37,409 depositors in the same time.

—Herewith is presented an illustration of the new building being erected at West Chester, Pa., for the joint occupancy of the Farmers' National Bank

FARMERS AND MECHANICS' TRUST CO. BUILDING, WEST CHESTER, PA.

and the Farmers and Mechanics' Trust Co., the latter a new institution which began business on April 1 with $250,000 capital and $150,000 surplus. Its officers are: President, P. M. Sharples, vice-president, P. S. Darlington; secretary and treasurer, H. J. Haas.

The Farmers' National Bank is an old and highly prosperous institution, its deposits now amounting to $540,000, an increase of 120 per cent. in the last year. Its officers are: President, D. T. Sharples; vice-president, J. Comly Hall; cashier, William Dowlin.

Granite, steel and concrete will be the principal materials used in the new structure, which is to be six stories in height and fitted up with the latest improvements used in modern office buildings.

SOUTHERN STATES.

—The Lowry National Bank of Atlanta now reports $500,000 capital, $602,459 surplus and profits, and $3,292,237 deposits.

—As shown by its statement of March 22, deposits of the First National Bank of Nashville, Tenn., were $4,131,293—an increase of $1,050,000 in the past year.

—One of the highly prosperous banks of the country is the Valley Bank of Rosedale, Miss., which since the second year from its opening in 1898, has paid annual dividends ranging from 125 to 150 per cent. At the close of the last fiscal year the earnings were sufficient to justify a dividend of from 155 to 160 per cent.

Officers of this thriving bank are: President, D. Reinach; vice-president, W. B. Roberts; cashier, J. L. Wilson.

The capital is $10,000 and deposits $324,000.

—The Perry Banking Company, at Perry, Florida, has been organized and is now open for business with $40,000 capital paid in. The following officers have been chosen: President, D. G. Mallory; vice-presidents, Jno. McLean and Thos. B. Puckett; cashier, J. H. Seales. President Mallory is vice-president of the Inter-State Lumber Co., and president of the Perry Grocery Co., and is a well-known and successful business man. Vice-president McLean's home is at Douglas, Ga. He is vice-president of the Powell-McLean Co., of Perry, of which Vice-President Puckett is secretary and treasurer. Cashier Scales is from Tifton, Ga., where he has made a splendid record as cashier of the First National Bank of Tifton, placing that bank among the foremost country banks of Georgia. Among the directors and stockholders of the Perry Banking Co. are: E. W. Lane, president Atlantic National Bank, and Jno. H. Powell, president Consolidated Naval Stores Co., both of Jacksonville, Fla.; Morgan V. Gress, president Gress Mfg. Co., of Tifton, Ga., Jacksonville, Fla., and Hattiesburg, Miss.; R. L. Dowling, vice-president Dowling Lumber Co. of Dowling Park, Fla.; C. H. Brown, president First National Bank, Live Oak, Fla.; Frank Spain, cashier Bank of Quitman, Ga., and a number of merchants, naval stores and lumber men of Perry and that section. Cashier Scales has resigned from the First National of Tifton, Ga., though retaining his stock, and takes active management of the new institution at Perry.

—This seems to be the day of youth in banking, and many young men are finding important places in the management of the country's banks. One of these is W. O. Self, president of the Bank of Ninety-six, S. C., which was established last September with $25,000 paid-in capital. Its report to the State Bank Examiner on March 19, 1907, showed $4,000 undivided profits and $1,771 reserve fund.

Mr. Self is twenty-four years old. He was born at Edgefield, S. C., and attended a country school until about sixteen, when he went to Clemson College. In the fall of 1902 he became a bookkeeper for the Ninety-six Oil Mill, where he remained until May, 1903,

W. O. SELF,
President Bank of Ninety-six,
Ninety-six, S. C.

when he became bookkeeper for the Cambridge Bank of Ninety-six. In May of last year he resigned this position, and on June 10 was offered the presidency of the Bank of Ninety-six, then being organized.

WESTERN STATES.

—Plans have been drawn for a seventeen-story building to be erected by the Corn Exchange National Bank of Chicago. The cost of the building is placed at $1,000,000.

—The Mercantile Trust Company of St. Louis took a page advertisement in a local newspaper recently to set forth the advantages of its travelers' checks.

—Improvements of a substantial character have been made in the building of the Mahaska County State Bank of Oskaloosa, Iowa. Not only has the building been thoroughly remodeled, but it has been equipped with a new iron-clad steel-lined vault of the most modern construction, safe-deposit boxes, and mahogany furniture.

—Banking items from Kansas City: C. S. Jobes retires from the presidency of the American National Bank, becoming vice-president of the Pioneer Trust Co. John Worthington, heretofore vice-president of the American National, is moved up to the presidency, and G. B. Gray, who until a short time ago was cashier of the bank, succeeds Mr. Worthington as vice-president.

The Bankers' Trust Company will move its office to Tenth and Main streets.

The National Bank of Commerce is erecting a new building at Tenth street and Grand avenue.

The American National is renovating an old building at Tenth and Walnut streets and expects to move in as soon as the changes are complete.

The New England National is preparing to build at Tenth street and Baltimore avenue, opposite the First National's fine building.

—According to its January 26 statement the Central National Bank of Kearney, Nebr., had $50,000 capital, $11,000 surplus and profits and $229,497 deposits. Since January there has been a gain of $100,000 in the latter item. This bank takes pride in these rules: "No premium on bonds;" "no part of capital invested in real estate;" "no notes given by stockholders;" "no excessive loans." The bank began business February 4, 1903, and has paid regular semi-annual dividends and added $10,000 to surplus. The officers are: President, W. T. Auld; cashier, A. U. Dann; assistant cashier, C. W. Norton. Mr. Norton was elected to his present position on March 1, having formerly been cashier of the First National Bank of Wolbach, Nebr.

—Pueblo, Colo., was designated a reserve city, April 16, under the act of March 3, 1887, as amended by the act of March 3, 1903.

—The savings deposits held by Chicago banks have reached a new high record. According to the last call the total held by the forty-two banks is $158,991,128, an increase of $2,969,642, or 1.26 per cent. compared with the figures shown by the previous report issued at the close of January.

—Reports of the State and Mutual savings banks of Wisconsin on March 22 showed: 411 banks against 413 on Jan. 26, 1907; total resources, $124,505,852, or $5,524,228 increase over the January figures.

—The building to be erected for the Provident Savings Bank and Trust Company of Cincinnati will be fifteen stories, and the bank will occupy the entire lower floor, which will afford a banking-room about ninety-four feet square.

—The American National Bank of Indianapolis has $1,500,000 capital and $11,772,000 resources—both items being the largest reported by any bank or trust company in Indiana.

—Missouri bankers are to have their convention at Kansas City May 22 and 23.

—Edward D. Keys, who has been cashier of the Farmers' National Bank of Springfield, Ill., since its organization in 1882, has been elected president of the bank to succeed the late Dr. S. Mendenhall.

—Iowa bankers will hold their annual convention at Clinton June 18 and 19. The membership is now 1,200 against a total of perhaps 1,500 banks in the state. Secretary Dinwiddie is energetically laboring to "make it unanimous." The association is doing excellent work in protecting its members against burglars, and also along other lines.

—The Wisconsin National Bank of Milwaukee recently reported over $20,000,000 total resources—a record for any bank in the Northwest outside Chicago. These figures also represent a gain of $4,000,000 in the past year.

—Ohio bankers will hold their seventeenth annual convention at Cincinnati June 26 and 27.

—The First National Bank of Fremont, Nebr., which is the oldest bank in the country, having been organized in 1872, shows by its last report to the Comptroller a continuation of the prosperity which it has enjoyed under the present management for the past three years.

This bank has $150,000 capital; $17,000 surplus, and $653,000 deposits. Its officers are: President, H. J. Lee; vice-president, E. R. Gurney, who is the active manager, and a man of wide banking experience; cashier, D. A. Lumbard; assistant cashier, J. H. Williams.

—Through an error the figures relating to the First National Bank of Zanesville, Ohio, were incorrectly reported in our January Bankers' Directory.

This institution, which is known as "Zanesville's Grand Old Bank," had on March 22 last, $300,000 capital, $384,792 surplus and profits, and $2,425,531 deposits, while the total resources were almost $3,500,000.

The bank's surplus account and the deposits have shown a large and steady growth, and the accumulation of the former item to a figure in excess of the capital is indicative of the sound and able policy which characterizes the management and which has been responsible for the bank's prosperity.

The officers of the First National Bank of Zanesville are: President, C. Stolzenbach; vice-president, Geo. H. Stewart; cashier, W. P. Sharer; assistant cashiers, J. B. Larzelère and W. H. Pierpoint.

PACIFIC SLOPE.

—The First National Bank of Evanston, Wyo., began business on February 11 last, succeeding the banking firm of North & Stone, established in 1873. The bank occupies its own building, which is a modern one of brick with stone trimmings, and has first-class equipment. The officers are: President, James E. Cosgriff; vice-president, Geo. E. Pexton; cashier, Chas. Stone; assistant cashier, Otto Arnold. President Cosgriff has been at Evanston for a quarter of a century, and has built up the deposits of the bank from $150,000 to $750,000.

—A number of wealthy and influential local stock men have purchased the interests of J. B. and J. E. Cosgriff and A. R. Couzens in the Rock Springs (Wyo.) National Bank.

—Edwin T. Coman, identified with several banks in Washington, and former president of the Washington State Bankers' Association, was recently elected an additional vice-president of the Exchange National Bank of Spokane. Mr. Coman has resided at Colfax, where he is vice-president of the Colfax National Bank, but he will remove to Spokane and be active in the management of the Exchange National Bank.

CANADA.

—The Royal Bank of Canada has moved its head office from Halifax to Montreal. A branch of the bank has been opened at San Juan, Porto Rico.

MEXICO.

—The Federal Banking Co., S. A., is a new institution in Mexico City. Wm. E Powell, the manager, resigned quite recently as assistant cashier of the United States Banking Company to accept his present position.

—In a message to Congress on April 4 President Diaz says:

"The currency situation has greatly improved. As against $42,000,000 that had been coined in September last the coinage of gold has now reached almost $60,000,000 in pieces of five and ten pesos. The mintage of new subsidiary silver coins now aggregates $22,000,000, of which a considerable portion represents the result of the remintage of more than $7,000,000 of the old subsidiary coins. With these additions and the additions that will be made during the next few weeks it is hoped to satisfy the imperative and exceptional demand for subsidiary coins due to exportation of hard pesos."

JAPAN.

—At the half-yearly ordinary general meeting of the Yokohama Specie Bank, held at the head office, Yokohama, March 9, the following statement was made for the half-year ended December 31, 1906: Gross profits, including yen 793,908.04 brought forward from last account, yen 10,447,288.75, of which yen 7,436,141.51 have been deducted for current expenses, interest, etc., leaving yen 3,011,147.24, to be appropriated as follows—yen 360,000 to reserve fund and yen 500,000 to special reserve fund; dividend of twelve per cent., absorbing yen 1,260,000, and the balance, yen 901,147.24 is carried forward to the credit of next account.

NEW BOOK ON FINANCIAL ADVERTISING.

A new book on financial advertising, by E. St. Elmo Lewis, who is in charge of the publicity department of the Burroughs Adding Machine Co., will be issued in the summer or early next fall.

Mr. Lewis has done some remarkably effective work in the way of bank advertising, and having made an extended study of the subject, it may be predicted with confidence that his new work will become an authority.

WITH BANKERS MAGAZINE ADVERTISERS.

A BOOKLET BY VOORHEES & CO.

Voorhees & Co., 116 Nassau street, New York, have just published for the United States National Bank of Portland, Ore., an attractive booklet illustrating and describing the bank. It contains views in half-tone of the exterior and interior of the bank building, and describes in an attractive way the bank's equipment and facilities for prompt and satisfactory service.

BURROUGHS ADDING MACHINES.

The Philadelphia Savings Fund Society recently purchased 15 Burroughs Bookkeeping Machines for use in their accounting department. This sale was made on a single order and was taken by Mr. Frank Spiekerman, sales manager for eastern Pennsylvania for the Burroughs Adding Machine Company. Recently the Burroughs people sold 20 machines in one order to the Wells-Fargo Bank of New York and made another sale to the Union Bank of Brooklyn of 20 machines. Both of these orders were taken by Mr. H. C. Peters, sales manager of the New York office of the Burroughs.

PORTO RICO BONDS.

The bond house of Fisk & Robinson, who obtained approximately three-quarters of the recent issue of Porto Rico four per cent. bonds, have been unable to fill the later applications for the bonds, having sold the entire amount practically within twenty-four hours.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

APPLICATIONS TO ORGANIZE NATIONAL BANKS APPROVED.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

People's National Bank, Duncannon, Pa.; by Emanuel Jenkyn, et al.
Bridgton National Bank, Bridgton, Me.; by W. M. Staples, et al.
First National Bank, Toronto, O.; by Walker B. Stratton, et al.
Army National Bank, Fort Leavenworth, Kans., by E. A. Kelly, et al.
Taylorville National Bank, Taylorville, Ill.; by W. B. Adams, et al.
First National Bank, Dolton, Ill.; by A. S. Diekman, et al.
Grange National Bank, Laceyville, Pa.; by A. C. Keeney, et al.
First National Bank, Burkburnett, Tex.; by J. A. Kemp, et al.
First National Bank, Hinton, Okla.; by George A. Nohr, et al.
Citizens' National Bank, Winamac, Ind.; by M. A. Ditts, et al.
People's National Bank, Elk City, Kans.; by J. M. Cox, et al.
Grange National Bank, Huntington, Pa.; by J. E. Saunders, et al.
First National Bank, Palmerton, Pa.; by D. O. Straup, et al
First National Bank, Duryea, Pa.; by Wm. J. Frees, et al.
Grange National Bank, of Potter County, Ulysses, Pa.; by Art. S. Burt, et al.
Eaton National Bank, Eaton, Colo.; by C. N. Jackson, et al.
First National Bank, Harmony, Minn.; by P. M. Oistad, et al.
First National Bank, Verden, Okla.; by W. S. Yeager, et al.
Commonwealth National Bank, Dallas, Tex.; by R. C. Ayers, et al.
Henderson National Bank, Huntsville, Ala.; by F. Henderson, et al.
Farmers' and Merchants' National Bank, Anson, Tex.; by L. Davis, et al.
First National Bank, Wauwatosa, Wis.; by Chas. B. Perry, et al.
First National Bank, Fillmore, Ill.; by L. V. Hill, et al.
Brunswick National Bank, New York, N. Y.; by J. A. Hill, et al.
First National Bank, Blanchard, I. T.; by W. B. Crump, et al.
Citizens National Bank, Waurika, Okla.; by E. E. Shipley, et al.
Grange National Bank, of Susquehanna, New Milford, Pa.; by W. W. Wilmarth, et al.
First National Bank, Rialto, Cal.; by E. D. Roberts, et al.
National Bank of Commerce, Detroit, Mich.; by E. M. Mancourt, et al.
Bankers' National Bank, Evansville, Ind.; by S. T. Heston, et al.
Oil Belt National Bank, Oblong, Ill.; by E. M. Cooley, et al.
First National Bank, Islip, N. Y.; by Geo. W. Weeks Jr., et al.
First National Bank, St. Johns, Oreg.; by R. E. Williams, et al.
Citizens' National Bank, Bellevue, Pa.; by T. A. McNary, et al.
Farmers' National Bank, Miles, Tex.; by C. C. Culwell, et al.
First National Bank, Eunice, La.; by G. Ardoin, et al.
Yoakum National Bank, Yoakum, Tex.; by E. B. Carruth, et al.
First National Bank, Ochiltree, Tex.; by E. A. Perry, et al.
Porter National Bank, Porter, I. T.; by J. R. Kennon, et al.
Gainesville National Bank, Gainesville, Fla.; by R. D. Crawford, et al.
Vassar National Bank, Vassar, Mich.; by Geo. D. Clarke, et al.
First National Bank, Texhoma, Okla.; by J. R. P. Sewell, et al.
United States National Bank, Centralia, Wash.; by C. S. Gilchrist, et al.
First National Bank, Hay Springs, Nebr.; by W. C. Brown, et al.
Citizens' National Bank, Pineville, W. Va.; by M. F. Matheny, et al.
First National Bank, Siloam Springs, Ark.; by P. S. Powell, et al.
Farmers National Bank, Olustee, Okla.; by B. E. Kelly, et al.

APPLICATION FOR CONVERSION TO NATIONAL BANKS APPROVED.

Bank of Wilkes, Washington, Ga.; into National Bank of Wilkes.
Afton State Bank, Afton, I. T.; into First National Bank.

Iowa Valley State Bank, Belmond, Ia.; into First National Bank.
Farmers' State Bank, Elk City, Kans.; into National Bank of Commerce.
Laurel State Bank, Laurel, Mont.; into First National Bank.
Walthill State Bank, Walthill, Nebr.; into First National Bank.
Farmers' State Bank, Carnegie, Okla.; into First National Bank.
Harney County Bank, Burns, Oreg.; into Harney County National Bank.
Fairfax State Bank, Fairfax, S. D.; into First National Bank.
Stockgrowers' State Bank, Gettysburg, S. D.; into Citizens' National Bank.
State Bank, Richmond, Va.; into National State Bank.

National Banks Organized.

8607—First National Bank, Oblong, Ill.; capital, $25,000; Pres., D. W. Odell; Vice-Pres., D. J. Odell; Cashier, O. B. Reed; Asst. Cashier, Effie Carroll.
8608—Colton National Bank, Colton, Cal.; capital, $25,000; Pres., J. B. Coulston; Vice-Pres., G. B. Caster; Cashier, L. C. Newcomer; Astt. Cashier, F. R. Warnick.
8609—First National Bank, Tupelo, I. T.; capital, $25,000; Pres., C. M. Witter; Vice-Pres., R. T. Breedlove; Cashier, J. T. Floyd. Conversion of State Bank of Tupelo.
8610—City National Bank, Nocona, Tex.; capital, $25,000; Pres., A. A. Croxton; Vice-Pres., W. B. Lewis; Cashier, R. E. Croxton; Asst. Cashier, D. S. Paine.
8611—First National Bank, Princeton, Tex.; capital, $25,000; Pres., J. S. Heard; Vice-Pres., J. L. White; Cashier, W. M. Shirley.
8612—Evanston National Bank, Evanston, Wyo.; capital, $50,000; Pres., F. H. Harrison; Vice-Pres., J. L. Atkinson and W. W. Riter; Cashier, J. W. Carse.
8613—First National Bank, Hancock, N. Y.; capital, $50,000; Pres., W. H. Nichols; Vice-Pres., Thos. Keery; Cashier, Jesse M. Nichols.
8614—First National Bank, Tenaply, N. J.; capital, $25,000; Pres., C. E. Finlay; Vice-Pres., W. H. Noyes; Cashier, R. C. Vail.
8615—First National Bank, Selling, Okla.; capital, $25,000; Pres., C. W. Fonda; Vice-Pres., G. D. Farwell; Cashier, C. E. Fonda. Conversion of Farmers' and Merchants' Bank.
8616—City National Bank, Duncan, I. T.; capital, $35,000; Pres., J. W. Whisenant; Vice-Pres., W. S. Spears and W. L. Bumpass; Cashier, W. P. Fowler; Asst. Cashier, D. A. Fowler.
8617—First National Bank, Sunnyside, N. M.; capital, $25,000; Pres., J. P. Stone; Vice-Pres., C. C. Marshall; Cashier, A. B. Harris.
8618—Farmers' Exchange National Bank, San Bernardino, Cal.; capital, $100,000; Pres., A. L. Drew; Vice-Pres., Jno. Andreson; Cashier, Jno. Andreson, Jr.; Asst. Cashier, Fred. C. Drew. Conversion of Farmers' Exchange Bank.
8619—First National Bank, McAdoo, Pa.; capital, $25,000; Pres., Jno. H. Burnard; Vice-Pres., Edw. J. Dailey.
8620—Citizens' National Bank, Brazil, Ind.; capital, $100,000; Pres., Wm. M. Zeller; Vice-Pres., Thos. H. McCrea; Cashier, Jno. A. Morgan; Asst. Cashier, O. A. Scharff.
8621—First National Bank, Lorena, Tex.; capital, $30,000; Pres., E. Rotan; Vice-Pres., Ed. McCullough; Cashier, L. J. Dodson.
8622—First National Bank, Uniontown, Ky.; capital, $25,000; Pres., W. T. Wathen, Sr.; Vice-Pres., W. M. Morgan; Cashier, Gabrielle Hamilton.
8623—People's National Bank, Westfield, N. J.; capital, $50,000; Pres., Samuel Townsend; Vice-Pres., Joseph E. Gallagher; Cashier, J. M. Walsh.
8624—First National Bank, Frederick, S. D.; capital, $25,000; Pres., J. C. Simmons; Vice-Pres., J. A. Fylpaa; Cashier, Geo. E. Hernett. Conversion of Bank of Frederick.
8625—First National Bank, Williamsburg, Ind.; capital, $25,000; Pres., Wm. A. Lewis; Vice-President., Asher Pearce; Cashier, Wilfred Griffith.
8626—First National Bank, Tulare, Cal.; capital, $25,000; Pres., T. Nelson; Vice-President., J. M. Anderson; Cashier, H. M. Shreve; Asst. Cashier, W. E. Dunlap. Conversion of Farmers' and Merchants' Bank.
8627—First National Bank, Arlington, N. J.; capital, $50,000; Pres., L. W. Lindblom; Vice-Pres., E. H. Goldberg; Cashier, Duane Wyckoff.
8628—Citizens' National Bank, Rockmart, Ga.; capital, $40,000; Pres., H. C. Algood; Vice-Pres., R. R. Beasley and J. A. Thompson; Cashier, Buell Stark; W. B. Everett, Asst. Cashier.
8629—First National Bank, Tamaroa, Ill.; Capital, $25,000; Pres., S. R. Haines; Cashier, J. H. Haines.
8630—City National Bank, Ridge Farm, Ill.; capital, $25,000; Pres., Isaac Woodyard; Vice-Pres., Geo. G. Robertson; Cashier, Jno. W. Foster; Asst. Cashier, Neva T. Robertson.
8631—American National Bank, Winchester, Tenn.; capital, $50,000; Pres., B. Lawton Wiggins; Cashier, Thos. B. Anderton.
8632—First National Bank, Rio, Wis.; capital, $25,000; Pres., W. E. Moore; Vice-Pres., C. E. Berg; Cashier, Andrew Amondson.

8633—First National Bank, Edwardsville, Pa.; (P. O. Station 9, Wilkes Barre); capital, $50,000; Pres., Lewis Edwards; Vice-Pres., Jno. H. Rice; Cashier, H. M. Simons.

8634—Beaver National Bank, New York, N. Y.; capital, $200,000; Pres., Geo. M. Coffin; Vice-Pres., Thos. P. Welsh and S. H. Vandergrift; Asst. Cashier, J. W. Loughlin.

8635—Kalispell National Bank, Kalispell, Pa.; capital $50,000; Pres., J. T. Jones; Vice-Pres., J. V. Harrington and P. C. McStravick; Cashier, O. H. Moberly.

8636—First National Bank, Johnstown, Colo.; capital, $25,000; Pres., T. M. Callahan; Vice-Pres., H. J. Parish; Cashier, W. E. Letford.

8637—First National Bank, Roodhouse, Ill.; capital, $50,000; Pres., W. H. Ainsworth; Vice-Pres., W. D. Berry; Cashier, Chas. T. Bates.

8638—First National Bank, Kiowa, I. T.; capital, $25,000; Pres., Chas. La Flore; Vice-Pres., J. A. Youree and T. D. Edwards; Cashier, C. W. Crum.

8639—First National Bank, Kelso, Wash.; capital, $25,000; Pres., S. S. Strain; Vice-Pres., Hy. W. Coe; Cashier, Wm. V. Kiebert.

8640—Farmers' National Bank, Winchester, Tenn.; capital, $25,000; Pres., T. A. Embrey; Vice-Pres., J. N. Williams; Cashier, Dick Taylor; Asst. Cashier, W. P. Grisard. Convehsion of Farmers' Bank & Trust Co.

8641—First National Bank, Bronte, Tex.; capital, $25,000; Pres., W. A. Norman; Vice-Pres., J. B. McCutcheon; Cashier, P. H. Van Winkle; Asst. Cashier, Thos. R. Butler.

8642—Dakota National Bank, Aberdeen, S. D.; capital, $50,000; Pres., J. H. Holmes; Vice-Pres., J. W. Clarey and C. J. Hezel; Cashier, J. H. Weber. Conversion of Dakota Bank and Trust Co.

8643—Planters & Merchants' National Bank, South Boston, Va.; capital, $100,000; Pres., Hy. Easley; Vice-Pres., W. I. Jordan; Cashier, R. E. Jordan; Asst. Cashiers, W. E. Owen and T. O. Easley. Conversion of Planters and Merchants' Bank.

8644—First National Bank, Minco, I. T.; capital, $25,000; Pres., J. H. Bond; Vice-Pres., C. B. Campbell; Cashier, T. T. Johnson; Asst Cashier, E. B. Bond.

8645—Lumberman's National Bank, Houston, Tex.; capital, $400,000; Pres., S. F. Carter; Vice-Pres., Jesse H. Jones, J. P. Carter, Guy M. Bryan, and W. E. Richards; Cashier, A. S. Vandervoort.

8646—Grange National Bank, of Chester County, Downington, Pa.; capital, $100,000; Pres., W. E. Baldwin and Asst. Cashier; Vice-Pres., Jos. T. Miller and J. H. Whiteside.

8647—Irving National Bank, Irving, Ill.; capital, $25,000; Pres., J. M. Kelly; Vice-Pres., W. E. Morain; Cashier, W. M. Berry; Asst. Cashier, J. R. Harkey.

8648—First National Bank, Manlius, Ill.; capital, $25,000; Pres., J. L. Martin; Vice-Pres., T. H. Dale; Cashier, A. L. Martin.

8649—First National Bank, Burlington, N. C.; capital, $50,000; Pres., J. A. Davidson; Vice-Pres., Geo. W. Anthony; Cashier, A. L. Davis; Asst. Cashier, J. E. Lasley. Conversion of Peoples' Bank.

8650—First National Bank, Milltown, Ind.; capital, $25,000; Pres., J. E. Jackson; Vice-Pres., F. E. Bye and F. P. Walts; Cashier, Wm. L. Williams.

8651—Commercial National Bank, Kearney, Neb.; capital, $100,000; Pres., T. B. Garrison, Sr.; Vice-Pres., A. E. Waldron; Cashier, T. B. Garrison, Jr.; Asst. Cashier, B. Robinson.

8652—First National Bank, Glendora, Cal.; capital, $25,000; Pres., C. S. Whitcomb; Vice-Pres., F. N. Hawes; Cashier, H. C. Wentworth.

8653—Farmers' National Bank, Selinsgrove, Pa.; capital, $25,000; Pres., D. S. Sholly; Vice-Pres., Chas. P. Ulrich; Cashier, K. C. Walter.

8654—Oachita National Bank, Monroe, La.; capital, $200,000; Pres., T. E. Flournoy; Vice-Pres., F. G. Hudson; Cashier, O. B. Morton; Asst. Cashier, J. T. Austin. Succeeds Oachita National Bank of Monroe, whose charter expired by limitation April 20, 1907.

8655—Glasgow National Bank, Glasgow, Mont.; capital, $25,000; Pres., C. S. Hurd; Vice-Pres., J. D. Larson; Cashier, J. E. Arnot.

8656—First National Bank, Ashley, Pa.; (P. O. Wilkes Barre); capital, $50,000; Pres., W. L. Raeder; Vice-Pres.; W. B. Foss and John Bowden; Cashier, W. A. Edgar.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Auburn—Bank of Auburn; capital, $10,000; Pres., W. E. Halloway; Cashier, W. D. Martin.

Bellwood—Bellwood Banking Co.; capital, $150,000; Pres., J. T. Duncan; Vice-Pres., J. R. Smith; Cashier, J. P. Lawson.

Calera—Citizens' Bank; capital, $10,000; Pres., W. E. Holloway; Vice-Pres., R. E. Bowden; Cashier, S. M. Adams; Asst. Cashier, J. T. Laseter.

Moundsville—Bank of Moundsville; capital, $12,000; Pres., A. H. Griffin; Vice-Pres., L. O. Benson; Cashier, B. F. Wright; Asst. Cashier, R. L. Griffin.

Reform—State Bank of Reform; capital, $15,000; Pres., W. J. Graham; Vice-Pres., Geo. A. Howell; Cashier, Roy M. Pooley.

ARKANSAS.

Hermitage—Bradley County Bank; capital, $20,000; Pres., A. B. Banks; Vice-Pres., W. E. Wommack; Cashier, R. A. Stuart.

Winthrop—Bank of Winthrop; capital, $7,500; Pres., D. A. Rimes; Vice-Pres., E. E. Wilson; Cashier, Jno. Rhyne.

CALIFORNIA.

Colton—Colton Savings Bank; capital, $25,000; Pres., J. B. Coulston; Vice-Pres., G. B. Caster; Cashier, L. C. Newcomer; Asst. Cashier, F. R. Warnick.

Redonda—Redonda Savings Bank; Pres., M. H. Hellman; Vice-Pres., L. F. Wells; Cashier, S. M. Webster; Asst. Cashier, Geo. H. Anderson.

COLORADO.

Severence—Bank of Severance; capital, $10,000; Pres., Wm. Bierkamp, Jr.; Cashier, A. S. Rogers, Jr.

CONNECTICUT.

Bristol—Bristol Trust Co.; capital, $100,000; Pres., Wm. E. Sessions; Vice-Pres., Chas. L. Wooding; Treas. and Sec'y, Francis A. Beach; Asst. Treas. and Sec'y, Geo. S. Beach.

FLORIDA.

Sneads—Bank of Sneads; capital, $15,000; Pres., L. O. Benton; Vice-Pres., James N. Wilson; Cashier, F. Davis.

GEORGIA.

Douglasville—Farmers and Merchants' Bank; capital $25,000; Pres., W. C. Abercrombie; Cashier, R. E. Edwards.

IDAHO.

Idaho Falls—Farmers and Merchants' Bank; capital, $50,000; Pres., James L. Milner; Cashier, E. H. Hollister.

Notus—State Bank of Notus; capital, $10,000; Pres., E. P. Gilbert; Vice-Pres., V. D. Hanah; Cashier, W. D. Petigo.

ILLINOIS.

Chicago—Farwell Trust Co.; successor to Granger Farwell & Co.; capital, $1,500,000; Pres., Granger Farwell; Vice-Pres., Douglas Smith and A. G. Lester; Treas., J. B. Sears; Sec'y, J. J. Bryant, Jr.

La Place—State Bank; successor to J. S. Ater & Co. Bank; capital, $25,000; Pres., Isaac Shirely; Vice-Pres., Geo. E. Dobson; Cashier, W. H. Ownby; Asst. Cashier, O. W. Sayler.

INDIANA.

Matthews—Farmers' State Bank; successor to Coles Exchange Bank; capital, $25,000; Pres., Chas. W. Cole; Vice-Pres., A. D. Mittank; Cashier, R. J. Cariens; Asst. Cashier, S. B. Cole.

Richmond—Richmond Trust Co.; capital $250,000; Pres., E. G. Hibbard; Vice-Pres., A. H. Bartel; Cashier, W. K. Henley.

INDIAN TERRITORY.

Braggs—Farmers' State Bank; capital, $5,000; Pres., Sid. Garrett; Vice-Pres., E. B. Smith; Cashier, Claud Hamilton.

Indianola—Indianola State Bank; capital, $10,000; Pres., W. J. Wade; Vice-Pres., A. B. Hamilton; Cashier, R. S. Briggs.

Muskogee—Pawnee Trust Co.; capital, $30,000; Pres., H. H. Bartlett; Treas., J. G. Buell.

Stilwell—Adair County State Bank; capital, $15,000; Pres., A. B. Dunlap; Vice-Pres., R. W. Hines; Cashier, J. T. Magruder.

Wann—Citizens' Bank; successor to Investment Bank; capital, $10,000; Pres., J. H. Strain; Vice-Pres., Wm. Clay; Cashier, C. B. Strain.

IOWA.

Bevington—Bevington Bank; Pres., J. Watt; Vice-Pres., L. J. Klemm; Cashier, J. C. O'Donnell; Asst. Cashier, J. A. Stamen.

Fairfax—Fairfax Savings Bank; capital, $10,000; Pres., H. N. Woodward; Vice-Pres., H. Lefebure; Cashier, Chas. Young.

Little Sioux—Little Sioux Savings Bank; capital, $10,000; Pres., F. M. Terry; Vice-Pres., B. I. Hesse; Cashier, C. K. Hesse.

Long Grove—Stockmen's Savings Bank; capital $30,000; Pres., R. K. Brownlie; Vice-Pres., J. R. Thomson and J. W. Walsh; Cashiers, E. Dougherty and W. T. Brownlie; Asst. Cashier, J. E. Brownlie.

Moneta—Moneta Savings Bank; successor to Colby & Co.; capital, $10,000; Pres., W. J. Davis; Vice-Pres., D. S. McNaughton; Cashier, Albert H. Bierkamp.

KANSAS.

Claflin—Citizens' State Bank; capital, $10,000; Pres., Hy. Cully; Vice-Pres., J. F. Evans; Cashier, O. L. Cully.

Clay Center—Farmers' State Bank; capital, $30,000; Pres., S. E. Reynolds; Vice-Pres., J. A. Hanna; Cashier, Geo. W. Hanna.

Esbon—Farmers' State Bank; capital, $15,000; Pres., Wm. Campbell; Vice-Pres., J. C. Hershner; Cashier, J. E. Stidham.

Fontana—Fontana State Bank; capital, $10,000; Pres., Fk. Shinkle; Vice-Pres., F. Mathews; Cashier, R. Hibbs.

Haddam—Haddam State Bank; capital, $10,000; Pres., H. Long; Vice-Pres., J. L. Young; Cashier, F. A. Taylor.

Jarbalo—Jarbalo State Bank; capital, $10,000; Pres., E. S. Wood; Vice-Pres., Elijah Jones; Cashier, F. I. Mains.

Kansas City—Park Junction State Bank; capital, $10,000; Pres., Jno. W. Breidenthal; Vice-Pres., J. W. Yardley; Cashier, E. J. Wolf.

Lake City—Lake State Bank; capital, $10,000; Pres., G. G. Shigley; Vice-Pres., Jno. S. Surber; Cashier, Dave Freemyer.

Mulberry—Mulberry State Bank; captal, $10,000; Pres., D. W. Jones; Cashier, Chas. A. Neiswender.

KENTUCKY.

Big Clifty—Big Clifty Banking Co.; capital, $7,500; Pres., G. H. Gardner; Vice-Pres., Jas. G. Trent; Cashier, J. R. Coyle.

Bremen—Bremen Deposit Bank; capital, $15,000; Pres., D. C. Woodburn; Vice-Pres., E. G. Shaven; Cashier, J. W. Humphrey.

Clay—Farmers' Bank; Pres., J. B. Mitchell; Vice-Pres., B. C. Hendrix; Cashier, C. E. Hearin.

Columbus—Farmers' Bank; capital, $20,000; Pres., C. H. Beshers; Vice-Pres., R. H. Brown; Cashier, J. P. Deboe.

Midway—Blue Grass Bank; capital, $20,000; Pres., R. M. Wind; Vice-Pres., W. C. Greening; Cashier, J. T. Wash.

Morton's Gap—Planters' Bank; capital, $75,000; Pres., Geo. M. Davis; Vice-Pres., B. T. Robinson; Cashier, G. E. Henry.

Murray—Farmers and Merchants' Bank; capital, $20,000; Pres., J. E. Owen; Vice-Pres., A. J. Beale, Sr.; Cashier, C. B. Fulton.

Smithland—Smithland Bank; capital, $15,000; Pres., D. A. Dunn; Vice-Pres., C. O. Lowery and S. E. Sexton; Cashier, J. F. Abell.

Vine Grove—Vine Grove State Bank; capital, $15,000; Pres., S. N. Willis; Vice-Pres., Frank French.

LOUISIANA.

Cotton Valley—Bank of Cotton Valley; capital, $10,000; Pres., S. L. Cole, Sr.; Vice-Pres., G. E. Hodges; Cashier, C. J. Loe.

De Ridder—Merchants and Farmers' Bank; capital, $25,000; Pres., A. I. Shaw; Vice-Pres., T. J. Carroll and A. J. Hanchey; Cashier, J. H. McMahon.

Marion—Marion State Bank; capital, $12,500; Pres., B. B. Thomas; Vice-Pres., O. H. Thompson; Cashier, S. W. Landers.

MICHIGAN.

Orion—Citizens' State Savings Bank; capital, $20,000; Pres., Fk. Thurstin; Vice-Pres., Jno. W. Fox; Cashier, L. M. Carleton.

MINNESOTA.

Conger—State Bank of Conger; successor to Farmers and Merchants' Bank; capital, $10,000; Pres., R. O. Olsen; Vice-Pres., Fred Behrends; Cashier, A. C. Paulsen.

Nelson—Nelson State Bank; successor to Bank of Nelson; capital, $12,000; Pres., James Manuel; Vice-Pres., H. J. Ernster.

Rice—Rice State Bank; successor to Bank of Rice; capital, $10,000; Pres., O. Chirhart; Vice-Pres., M. A. Bouck; Cashier, A. H. Turrittin; Asst. Cashier, H. H. Fromelt.

Stewart—Stewart State Bank; capital, $10,000; Pres., A. G. Rehse; Vice-Pres., T. W. Smith; Cashier, Fred Rehse; Asst. Cashier, C. W. Richards.

Stewartville—First State Bank; capital, $10,000; Pres., Jno. M. Haven; Vice-Pres., Geo. E. Hanscom; Cashier, M. J. Dixon; Asst. Cashier, Lena A. Holcomb.

MISSISSIPPI.

Osyka—Farmers' Bank; capital, $20,000; Pres., S. A. Bacot; Vice-Pres., W. S. Tote and A. D. Felder; Cashier, D. F. Young.

MISSOURI.

Brashear—Brashear Banking Co.; capital, $5,000; Pres., Geo. Tuttle; Cashier, E. E. Black; Asst. Cashier, R. L. Matthews.

Carterville—Carterville Bank; capital, $25,000; Pres., A. W. Canada; Vice-Pres., C. L. Gray; Cashier, B. D. Mowry.

Fairfax—People's Bank; capital, $15,000; Pres., J. R. Freet; Vice-Pres., Jas. Jackson; Cashier, N. F. Dragoo.

Newtonia—Newtonia State Bank; capital, $10,000; Pres., J. O. Clark; Vice-

Pres., G. W. Harrison; Cashier, Jno. McClanahan.

Nianqua—Citizens' State Bank; successor to Bank of Nianqua; capital, $5,100; Pres., D. A. Williams; Vice-Pres., Jno. M. Burchfield; Cashier, J. C. Grizzel.

Rich Hill—Commercial State Bank; capital, $25,000; Pres., A. M. Clark; Cashier, Jno. T. Wilson.

Trenton—Trenton Savings Bank; capital, $10,000; Pres., Jno. Rose; Vice-Pres., Conrad Rose; Cashier, R. G. Sheets; Asst. Cashier, Mary D Sheets.

MONTANA.

Lewistown—Empire Bank and Trust Co.; capital, $100,000; Pres., R. B. Thompson; Vice-Pres., J. P. Barnes; Cashier, Jno. L. Beebe; Asst. Cashier, Frank J. Hazen.

NEBRASKA.

Emmett—Emmett State Bank; capital, $5,000; Pres., Ed. J. Gallagher; Vice-Pres., L. F. Birmingham; Cashier, W. P. Dailey.

Ogallala—Citizens' Bank; capital, $11,000; Pres., E. M. Searle, Jr.; Vice-Pres., J. H. Orr, Jr.; Cashier, Theo. F. Goold.

Roca—Bank of Roca; capital, $5,000; Pres., H. F. Warner; Vice-Pres., Wm. H. Meyer; Cashier, Hugh J. Beall.

Waverly—Lancaster County Bank; capital, $10,000; Pres., H. K. Frantz; Vice-Pres., Geo. H. Danfaith; Cashier, G. R. Buckner.

Wellfleet—Bank of Wellfleet; capital, $7,500; Pres., J. H. Kelly; Vice-Pres., Hugh Ralston; Cashier, S. D. Ralston; Asst. Cashier, J. H. Ralston.

NEW JERSEY.

Newark—Ironbound Trust Co.; capital, $100,000; Pres., Geo. Forman; Vice-Pres., Chas O. Lyon; Second Vice-Pres., J. H. Bacheller; Sec'y and Treas., Rufus Keisler, Jr.—Italian Savings Bank; Pres., A. T. Sweeney; Vice-Pres., F. Cella; Cashier, A. Petrone; Asst. Cashier, M. L. Cox.

New Brunswick—Middlesex Title Guarantee and Trust Co.; capital $100,000; Pres., Geo. A. Viehmann; Vice-Pres., Benj. F. Howell; Treas., Geo. W. Litterst; Asst. Treas., C. D. Ross.

NORTH CAROLINA.

Bessemer City—Bessemer City Bank; capital, $10,000; Pres., L. L. Jenkins; Vice-Pres., D. A. Garrison; Cashier, Jno. J. Ormand.

Greensboro—American Exchange Bank; capital, $300,000; Pres., E. P. Wharton; Vice-Pres., J. W. Scott; Cashier, R. G. Vaugn.

Lexington—Commercial Savings Bank; capital, $25,000; Pres., J. W. McCrary; Vice-Pres., E. J. Buchanan; Cashier, J. F. Deaderick.

Newton—Farmers and Merchants' Bank; capital, $20,000; Pres., J. H. Yount; Vice-Pres., E. P. Schrum; Cashier, L. H. Philips.

Siler City—Siler City Loan and Trust Co.; capital, $15,000; Pres., O. H. Hanner; Vice-Pres., L. S. Edwards; Cashier, E. B. Parks.

Wendall—Bank of Wendall; capital, $5,000; Pres., R. B. Whitley; Vice-Pres., W. B. Parkham; Cashier, M. C. Todd.

NORTH DAKOTA.

Dickinson—German-American Savings Co.; capital, $25,000; Pres., S. Fisher; Vice-Pres., J. A. Welch and Andrew Jopp; Sec'y and Treas., Jno. Russbeck; Asst. Sec'y and Treas., Frank X. Warner.

Edmunds—First State Bank; capital, $10,000; Pres., Jno. McCarty; Vice-Pres., W. C. Wescom; Cashier, H. C. Norem.

Mott—Mott State Bank; capital, $10,000; Pres., W. C. Ladage; Cashier, R. E. Trousdale.

Sharon—Citizens' State Bank; capital, $12,000; Pres., E. E. Talsey; Vice-Pres., James Simpson, Jr.; Cashier, T. O. Chantland.

OKLAHOMA.

Breckinridge—Bank of Breckinridge; successor to Cropper State Bank; capital, $5,000; Pres., A. N. Leffingwell; Vice-Pres., Ira Towne; Cashier, J. L. Reger.

Eschite—Farmers and Merchants' Bank; capital, $10,000; Pres., F. N. English; Vice-Pres., W. P. Smith; Cashier, Roy C. Smith.

Hammon—Hammon State Bank; capital, $10,000; Pres., E. D. Foster; Vice-Pres., J. S. Huston; Cashier, E. G. Commons; Asst. Cashier, Jno. H. Reddish.

Maniton—First State Bank; successor to First State Bank at Siboney; capital, $10,000; Pres., A. A. Stellman; Cashier, R. J. Schofield.

Meeker—Citizens' Bank; capital, $10,000; Pres., W. A. Annis; Vice-Pres., R. P. Roope; Cashier, D. S. Dawson; Asst. Cashier, W. K. Bell.

OREGON.

Ashland—Granite City Savings Bank; capital, $12,500; Pres., G. S. Butler; Vice-Pres., C. H. Vaupel; Cashier, G. G. Eubanks.

Independence—First State Bank; capital, $25,000; Pres., Jno. A. Aupperle; Vice-Pres., E. Hofer; Cashier, C. C. Patrick.

PENNSYLVANIA.

Harrisburg—Sixth Street Bank; capital, $50,000; Pres., Wm. Witman; Vice-Pres., Lewis Balser.

McKeesport—Merchants' Bank; capital, $50,000; Pres., H. B. Hartman; Vice-Pres., Jno. Porter; Cashier, H. H. W. Schuchman.

SOUTH CAROLINA.

Laurens—Laurens Trust Co.; capital, $25,000; Pres., R. A. Cooper; Vice-Pres., M. J. Owings; Sec'y and Treas., C. W. Tune.

Ware Shoals—Bank of Ware Shoals; capital, $48,000; Pres., Benj. D. Riegel; Vice-Pres., Jas. F. McEnroe.

SOUTH DAKOTA.

Amherst—Farmers' State Bank; capital, $5,000; Pres., W. F. Honey; Vice-Pres., Geo. E. Towle; Cashier, C. H. Kester.

Eureka—Farmers and Merchants' State Bank; capital, $10,000; Pres., Jno. Stotler; Vice-Pres., Jno. Keim; Cashier, G. G. Klein.

Philip—Bank of Philip; capital, $7,000; Pres., C. L. Millett; Vice-Pres., A. J. Beenker; Cashier, A. Michael; Asst. Cashier, E. F. Walden.

Scotland—German Bank; capital, $15,000; Pres., Fredk. Becker; Vice-Pres., N. Serr, Jr.; Cashier, Alex. Treiber.

Tolstoy—Farmers' State Bank; capital, $10,000; Pres., R. C. Styles; Vice-Pres., E. G. Bohl and Geo. T. White; Cashier, H. S. Hegnes.

TENNESSEE.

Chattanooga—Farmers and Merchants' Bank; capital, $25,000; Pres., R. W. Thomas; Vice-Pres., C. R. Wallace; Cashier, O. D. Gorman.

Denver—Humphreys County Bank; capital, $12,500; Pres., V. A. Rushing; Vice-Pres., J. D. Pickett; Cashier, Ernest Easley.

Memphis—United States Trust and Savings Bank; capital, $100,000; Pres., M. S. Buckingham; Vice-Pres., W. H. Wood and M. G. Buckingham; Cashier, W. W. Stevenson.

Milan—Farmers' State Bank; capital, $20,000; Pres., J. W. Adams; Vice-Pres., W. J. Rust; Cashier, H. P. Webb; Asst. Cashier, J. J. Keaton.

Morristown—Morristown Bank and Trust Co.; capital, $25,000; Pres., E. M. Grant; Vice-Pres., Geo. S. Mooney; Cashier, James A. Rice.

TEXAS.

Bay City—First State Bank and Trust Co.; successor to Bay City National Bank; capital, $75,000; Pres., Hy. Rugeley; Vice-Pres., T. J. Poole; Cashier, J. E. Fowler.

Caldwell—First State Bank; capital, $25,000; Pres., F. A. King; Vice-Pres., Harry Hudson.

Chilton—Chilton Bank; Pres., Geo. W. Riddle; Cashier, A. Mauldin.

Dalhart—Midway Bank and Trust Co.; capital, $60,000; Pres., A. G. Boyce; Vice-Pres., J. E. Moore; Cashier, J. H. Boyce; Sec'y, L. H. Boyce.

Dawson—First State Bank; capital, $25,000; Pres., J. B. McDaniel; Vice-Pres., L. C. Wells and R. A. Caldwell; Cashier, Joe Keitt.

Fort Worth—Houston, Smallwood & Co.; capital, $100,000; Pres., O. S. Houston; Vice-Pres. and Cashier, W. L. Smallwood.

Huntsville—Huntsville State Bank; capital, $50,000; Pres., J. H. Kempner; Vice-Pres., J. A. Elkins; Cashier, T. W. Oliphint.

Kirbyville—People's State Bank; capital, $20,000; Pres., J. A. Herndon; Vice-Pres., J. M. Mixson; Cashier, P. Briscoe.

Matador—First State Bank; successor to Matador Bank; capital, $25,000; Pres., Jno. H. Jones; Vice-Pres., Jno. W. Chalk; Cashier, Will P. Jones; Asst. Cashier, J. H. Hawkins.

Mt. Pleasant—Citizens Banking and Trust Co.; capital, $15,000; Pres., S. P. Pounders; Vice-Pres., W. F. Willson; Cashier, G. L. Keith.

Palestine—People's Bank and Trust Co.; capital, $100,000; Pres., F. C. Bailey; Vice-Pres., C. R. Nall and G. W. Burkitt; Cashier, V. F. Dubose.

Raymondville — Raymondville State Bank; capital $10,000; Pres., E. B. Raymond; Vice-Pres., W. F. Sprague; Cashier, C. H. Pease.

Rotan—Cowboy State Bank; capital, $25,000; Pres., J. D. Davis; Vice-Pres., J. Westerfeld and A. B. Davis; Cashier, R. E. Kloepper; Asst. Cashier, A. P. Kelly.

Tulia—State Bank; capital, $50,000; Pres., W. B. Ward; Vice-Pres., Wm. Ward; Cashier, J. M. Oaks.

VIRGINIA.

Cape Charles—Farmers and Merchants' Bank; successor to Bank of Cape Charles; capital, $50,000; Pres., W. B. Wilson; Cashier, Upshur Wilson.

Townsend—Townsend Banking Co.; Pres., Daniel Townsend; Vice-Pres., M. H. Stevenson; Cashier, J. W. Jones.

WASHINGTON.

Everson—Nooksack Valley State Bank; capital $15,000; Pres., Aug. Peterson; Vice-Pres., Fred Bentley; Cashier, H. P. Johnson.

Spokane—Spokane State Bank; capital, $35,500; Pres., Jno. E. Argo; Vice-Pres., G. W. Peddycord; Cashier, G. J. Walbridge.

WEST VIRGINIA.

Lanes Bottom—Lanes Bottom Bank; capital $10,000; Pres., W. D. Huff; Vice-Pres., C. H. Smoot; Cashier, A. B. Jackson.

Masontown—Bank of Masontown; capital, $25,000; Pres., E. M. Hartley; Vice-Pres., S. L. Cobun; Cashier, Homer H. Andrews.

WYOMING.

Riverton—Commercial State Bank; capital, $10,000; Pres., F. A. Harmon; Vice-Pres., C. H. King; Cashier, C. E. Huffield.

Rock River—Cosgriff & Rumsey; capital, $5,000; Pres., Jno. G. Rumsey; Vice-Pres., T. A. Cosgriff; Cashier, Geo. W. Kephart.

CANADA.

ALBERTA.

Hardisty—Bank of Commerce; Mgr., L. A. S. Dack.

Tofield—Merchants' Bank of Canada; Mgr., R. L. Stidston.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Gadsden—Queen City Bank; C. S. Ward, Vice-Pres., resigned.

Talladega—Talladega National Bank; J. C. Bowie, Second Vice-Pres.

ARKANSAS.

Carlisle—Dairymen's Bank; Pres., D. B. Perkins; Cashier, J. A. L. Reiff.

CALIFORNIA.

Artesia—First National Bank; C. B. Scott, Pres., in place of H. W. Hellman; Geo. R. Frampton, Vice-Pres., in place of C. B. Scott; Geo. R. Frampton, Cashier; no Vice-Pres. in place of G. W. Felts.

Pasadena—San Gabriel Valley Bank; R. H. Miller, Cashier.

Redondo—Redondo Savings Bank; M. H. Hellman, Pres.; L. F. Wills, Vice-Pres.

Sacramento—California National Bank; Geo. W. Peltier, Vice-Pres.

San Francisco—Western National Bank; Geo. Long, Asst. Cashier, in place of R. M. Gardiner.

COLORADO.

Castle Rock—First National Bank of Douglas County; R. E. Palm, Vice-Pres., in place of R. J. Dobell.

Colorado City—First National Bank; F. B. Hill, Pres., in place of E. T. Ensign.

Denver—Continental Trust Co.; A. L. Abrahams, Vice-Pres.; J. W. Springer, Sec'y; J. Mignolet, Asst. Sec'y.

Loveland—First National Bank; A. Donath, Pres., in place of G. Jones.

Montrose—Montrose National Bank; M. D. Thatcher, Pres., in place of J. W. Tripler; C. J. Getz, Asst. Cashier, in place of F. H. Reinhold.

Rico—David Susickhimer (Banker), succeeded Rico State Bank.

Sterling—Logan County National Bank; no Pres. in place of J. J. Cheairs, deceased.

CONNECTICUT.

Danbury—Savings Bank of Danbury; Pres., G. M. Rundle; Vice-Pres., Robt. McLean; Treas., H. C. Ryder; Asst. Treas., H. T. Hoyt.

Essex—Essex Savings Bank; E. A. Bailey, Treas., in place of L. L. Wooster, deceased.

Hartford—City Bank; Edw. D. Redfield, Pres., in place of M. S. Chapman, deceased; E. S. Goodrich, Vice-Pres.; E. H. Tucker, Cashier.

Middletown—Central National Bank; H. H. Warner, Cashier, in place of H. B. Barnes.

New Haven—People's Bank and Trust Co.; Pres., H. G. Newton; Vice-Pres., F. C. Boyd; Treas., R. D. Muir.

Waterbury—Colonial Trust Co.; David S. Plume, Pres., deceased.

DISTRICT OF COLUMBIA.

Washington—Home Savings Bank; Francis Miller, Treas., deceased.

GEORGIA.

Eastman—Citizens' Banking Co.; capital increased from $60,000 to $100,000.

Norwood—Bank of Norwood; J. S. Ward, Vice-Pres., deceased.

Toccoa—First National Bank; E. P. Simpson, Pres., in place of W. C. Edwards; B. T. Holland, Vice-Pres., in place of E. P. Simpson; D. J. Simpson, Cashier, in place of G. T. Brown.

IDAHO.

Blackfoot—First National Bank; T. H. Christy, Cashier, in place of C. A. Dobell.

Boise City—Boise City National Bank; F. R. Coffin, Pres., in place of H. B. Eastman; J. E. Clinton, Jr., Cashier, in place of A. Eoff.

Caldwell—Caldwell Banking and Trust Co.; Jno C. Rice, Pres., in place of A. K. Steunenberg.

Lewiston—First National Bank; I. M. Bonner, Asst. Cashier.

ILLINOIS.

Chicago—Commercial National Bank; James H. Eckels, Pres., deceased.

Equality—First National Bank; C. W. Wiedemann, Pres., in place of David Wiedemann.

Granite City—Granite City National Bank; C. E. Ashley, Second Asst. Cashier.

Greenup—First National Bank; W. R. Whitney, Cashier, in place of W. H. Shubert; O. O. Thomen, Asst. Cashier.

Mount Carmel—First National Bank; R. R. Stansfield, Asst. Cashier.

Neoga—Cumberland County National Bank; L. K. Voris, Asst. Cashier, in place of W. R. Whitney.

Peoria—Dime Savings and Trust Co.; Geo. W. Curtiss, Pres., in place of S. R. Clarke; F. H. Smith, Vice-Pres.—Interstate Bank and Trust Co.; E. A. Strause, Vice-Pres., in place of P. Anicker, resigned.

Rockford — Manufacturers' National Bank; A. P. Floberg, Vice-Pres.; W. B. Mulford, Cashier, in place of A. P. Floberg.

Salem—Salem National Bank; Jno. C. Martin, Cashier, in place of C. E. Hull.

Tremont—First National Bank; A. H. Becker, Asst. Cashier.

INDIANA.

Crawfordsville—Citizens' National Bank; P. C. Somerville, Pres., in place of A. F. Ramsey.

Indianapolis—People's Deposit Bank; title changed to People's State Bank.

Morristown—Union State Bank; B. H. Binford, Vice-Pres., deceased.

Ridgeville—First National Bank; Geo. N. Edgar, Pres., in place of Jno. M. Edgar; Jno. M. Edger, Cashier, in place of R. P. Bransom.

INDIAN TERRITORY.

Mill Creek—Merchants and Planters' National Bank; L. D. Waltham, Asst. Cashier, in place of C. W. Stewart.

Porter—First National Bank; D. H. Middleton, Pres., in place of J. W. Hensley; J. W. Hensley, Cashier, in place of J. P. Funk; Solus Huggins, Asst. Cashier.

Wagoner—Wagoner National Bank; F. C. Garner, Cashier, in place of C. W. Sheldon.

IOWA.

Bartlett—Bank of Bartlett; D. E. Replogle, Cashier, in place of G. K. Johnson, resigned.

Bristow—Citizens' Bank; title changed to Citizens' State Bank; Cashier, H. A. Foote.

Centerville—First National Bank; J. A. Bradley, Vice-Pres.; W. M. Evans, Cashier, in place of J. A. Bradley.

Chatsworth—Bank of Chatsworth; title changed to Chatsworth Savings Bank.

Knierim—State Savings Bank; C. A. Christopherson, Cashier, in place of W. E. Clagg.

Lime Springs—Exchange Bank; title changed to Exchange State Bank.

Mediapolis—State Bank; W. V. Lloyd, Pres.; J. H. Scott, Vice-Pres.; E. R. Nordstrom, Cashier.

Shell Rock—F. M. Mansfield & Co.; F. M. Mansfield, deceased.

Sidney—National Bank; C. A. Metelman, Cashier, in place of W. T. Frazer.

Sioux City—First National Bank; I. C. Brubacher, Asst. Cashier.

Tripoli—Tripoli Savings Bank; succeeded by Tripoli State Bank.

Whitten—Whitten Bank; F. D. Lindeman, Cashier, in place of E. J. Yenerich.

KANSAS.

Alma—Alma National Bank; no Asst. Cashier in place of O. F. Deans.

Arkansas City—Citizens' State Bank and Farmers' State Bank, consolidated; title changed to Citizens and Farmers' State Bank; Pres., Wm. A. Wilson; Vice-Pres., A. H. Denton; Cashier, N. D. Sanders; capital, $50,000.

Atchison—Exchange National Bank; W. J. Bailey, Second Vice-Pres., in place of W. P. Waggener.

Norton—National Bank; S. B. McGrew, Cashier, in place of V. V. Bower; no Asst. Cashier in place of S. B. McGrew.

Oberlin—Oberlin National Bank; Lew E. Darrow, Pres., in place of Otis L. Benton.

Quinter—Bank of Quinter; title changed to State Bank.

KENTUCKY.

Beard—Beard Deposit Bank; T. T. Magee, Cashier, in place of S. B. Royster, resigned.

Danville—Citizens' National Bank; H. L. Briggs, Asst. Cashier, in place of J. A. Cheek.

MARYLAND.

Baltimore—Commercial and Farmers' National Bank; J. M. Easter, Pres., in place of Geo. A. von Lingen; H. M. Mason, Vice-Pres., in place of J. M. Easter; F. V. Baldwin, Cashier, in place of H. M. Mason.—Merchants' National Bank; J. B. H. Dunn, Asst. Cashier.

Salisbury—People's National Bank; J. D. Price, Vice-Pres., in place of A. J. Benjamin, deceased; I. L. Price, Cashier, in place of S. K. White; D. H. Hearn, Asst. Cashier, in place of I. L. Price.

MASSACHUSETTS.

Andover—Andover National Bank; N. Stevens, Pres., in place of M. T. Stevens; J. A. Smart, Vice-Pres., in place of N. Stevens.

Boston—Home Savings Bank; C. H. Allen, Pres., deceased. — National Rockland Bank of Roxbury; F. W. Rugg, Pres., in place of R. P. Fairbairn; A. L. Bacon, Cashier, in place of F. W. Rugg.

East Weymouth—East Weymouth Savings Bank; F. H. Emerson and W. H. Pratt, Vice-Pres.

Haverhill—Essex National Bank; C. H. Fellows, Vice-Pres., in place of Wm. A. Brooks.

Hyannis—First National Bank; E. Crowell, Vice-Pres., in place of S. Pitcher.

Ipswich First National Bank; no Vice-Pres. in place of F. D. Henderson, deceased.

Northampton — Northampton National Bank; Oscar Edwards, Pres., deceased.

Quincy—Quincy Savings Bank; Geo. W. Morton, Pres.

South Framingham—Farmers and Mechanics' Savings Bank; Geo. E. Cutler, Treas., resigned; J. Phillipps, Asst. Cashier.

Spencer—Spencer National Bank; F. A. Drury, Pres., in place of E. Jones; no Vice-Pres. in place of F. A. Drury.

MICHIGAN.

Elk Rapids—Elk Rapids Savings Bank; R. W. Bagot, Pres., deceased.

Lake Linden—First National Bank; R. A. Young, Asst. Cashier in place of J. B. Paton.

Plainwell—Citizens' State Savings Bank; Jno. W. Ransom, Pres., deceased.

MINNESOTA.

Biwabik—State Bank; J. S. Hopkins, Cashier, in place of F. B. Myers.

Ely—First National Bank; J. Sellwood, Pres., in place of A. D. Davidson; R. M. Sellwood, Vice-Pres., in place of M. E. Gleason; F. L. Cowen, Cashier, in place of M. E. Trumer; L. B. Brockway, Asst. Cashier, in place of Geo. L. Brozich.

Hancock—First National Bank; A. A. Roberts, Vice-Pres., in place of O. S. Brown; no Asst. Cashier in place of A. A. Roberts.

Lake City—Lake City Bank; Geo. F. Benson, Pres., deceased.

Lakefield—First National Bank; H. W. Voehl, Vice-Pres., in place of A. Pederson, deceased.

MISSISSIPPI.

Natchez—Southern Bank and Trust Co.; succeeded by Britton & Koontz Bank.

New Hebron—Hebron Bank; F. L. Riley, Pres., deceased.

MISSOURI.

Cape Girardeau—First National Bank; no Asst. Cashier in place of H. J. Coerver.

Carrollton—First National Bank; H. Bungenstock, Cashier, in place of E. E. Estle, deceased.

Jefferson City—Exchange Bank; H. C. Ewing, Pres., deceased.

King City—First National Bank; J. R. Hill, Asst. Cashier, in place of S. A. Meek.

Lamar—First National Bank; W. A. McCormick, Vice-Pres., in place of F. M. Conrad.

Palmyra—Marion County Savings Bank; J. W. Russell, Pres., deceased.

St. Joseph—St. Joseph Stock Yards Bank; I. Q. Freeland, Cashier, in place of L. S. Critchell, resigned.

St. Louis—Central National Bank; M. R. Sturtevant, Cashier, in place of J. H. Byrd.

MONTANA.

Billings—Yellowstone National Bank; L. C. Babcock, Cashier, in place of E. H. Hollister; O. W. Nickey, Asst. Cashier, in place of L. C. Babcock.

NEBRASKA.

Arnold—Farmers' State Bank; Pres., I. P. Mills; Cashier, Jno. R. Bonson.

Fairbury—First National Bank; A. G. Chamberlain, Vice-Pres., in place of N. L. McDowell; B. W. McLucas, Asst. Cashier, in place of J. B. McDowell.

Minden—First National Bank; W. E. Chapin, Vice-Pres., in place of G. N. Youngson; C. S. Rogers, Cashier, in place of W. E. Chapin.

NEVADA.

Tonopah—Nevada First National Bank; L. A. Parkhurst, Vice-Pres., in place of D. B. Gillies; W. G. Cooper, Cashier.

NEW HAMPSHIRE.

Laconia—People's National Bank; Jno. T. Busiel, Pres., in place of A. G. Folsom; E. Little, Vice-Pres., in place of Jno. T. Busiel; Geo. P. Munsey, Cashier, in place of E. Little.

Rochester—Rochester National Bank; B. Q. Bond, Cashier, in place of H. M. Plumer.

NEW JERSEY.

Bayonne—First National Bank; D. Van Buskirk, Vice-Pres., in place of Geo. W. Young; Wm. H. Vreeland, Vice-Pres.; L. B. Bragdon, Asst. Cashier.

Red Bank—Second National Bank; Benj. J. Parker, Vice-Pres.

Swedesboro—Swedesboro National Bank; Harry Mayhew, Asst. Cashier.

NEW MEXICO.

Albuquerque—State National Bank; J. B. Herndon, Vice-Pres.; R. H. Collier, Cashier, in place of J. B. Herndon.

NEW YORK.

Albany—National Commercial Bank; Jacob H. Herzog, Asst. Cashier.

Batavia—Bank of Genesee; L. F. McLean, Cashier, deceased.

Binghamton — Binghamton Savings Bank; C. W. Gennett, Pres., in place of W. H. Wilkinson; A. C. Deyo, Treas., in place of C. W. Gennett.

Buffalo—Central National Bank; R. E. Winfield, Cashier, in place of S. T. Nivling.—Erie County Savings; J. H. Lee, Vice-Pres., deceased.

Hermon—First National Bank; Geo. N. Risley, Asst. Cashier.

Mariner Harbor—Mariner Harbor National Bank; S. Bedell, Cashier, in place of J. M. Walsh.

New York—Henry Clews & Co.; John Henry Clews, deceased.—Henry Talmadge & Co.; Henry Talmadge, deceased.

Oneonta—First National Bank; S. J. W. Reynolds, Asst. Cashier, in place of B. C. Broadfoot.

Silver Springs—Silver Springs National Bank; Addie D. Monroe, (formerly Addie P. Duncan), Pres.

Stapleton—Richmond Borough National Bank; A. H. Watson, Cashier, in place of W. K. Swartz.

NORTH CAROLINA.

Williamston—Farmers and Merchants' Bank; D. S. Biggs, Pres., deceased.

NORTH DAKOTA.

Fairmount—First National Bank; W. M. Howe, Cashier, in place of Jno. F. Cross; E. D. Baker, Asst. Cashier.

Wahpeton—Citizens' National Bank; Theo. Albrecht, Vice-Pres.; J. P. Reeder, Cashier, in place of Theo. Albrecht.

OHIO.

Canfield—Farmers' National Bank; Mark H. Liddle, Cashier, in place of H. A. Manchester; D. C. Dickson, Asst. Cashier, in place of S. W. Brainerd.

Cincinnati—Merchants' National Bank; E. C. Goshorn and W. W. Brown, Vice-Pres., in place of A. S. Rice and H. S. Rodgers; W. P. Stamm, Cashier in place of W. W. Brown.—Walnut Hills Savings and Banking Co.; B. Kahn, Pres., in place of S. M. McKenzie.

Loveland—First National Bank; R. I. Peak, Cashier, in place of J. C. Williams; H. B. Peak, Asst. Cashier, in place of C. Diffenderfer

Napoleon—First National Bank; M. E. Loose, Pres., in place of D. Meekison; W. W. Campbell, Vice-Pres., in place of A. E. H. Manker.

Norwood—Norwood National Bank; C. V. Dunham, Asst. Cashier.

OKLAHOMA.

Eldorado — Farmers and Merchants' Bank; R. J. Robertson, Pres., and Mason Hoarwell, Cashier, retired.

Okeene—First National Bank; C. D. Boardman, First Vice-Pres.; C. K. Boardman, Cashier, in place of C. D. Boardman; G. D. Boardman, Asst. Cashier, in place of C. K. Boardman.

Oklahoma City—Bank of Oklahoma City; C. M. Buckles, Cashier.

Tonkawa—Tonkawa National Bank; W. F. Scott, Vice-Pres.; Ray P. Wycoff, Asst. Cashier.

OREGON.

Glendale—Glendale State Bank; Pres., R. A. Jones; Vice-Pres., E. E. Redfield.

PENNSYLVANIA.

Brownsville—Second National Bank; A. J. Graham, Asst. Cashier.

Delta—First National Bank; Wm. G. McCoy, Pres., in place of R. L. Jones, deceased; J. R. Showalter, Vice-Pres., in place of Wm. G. McCoy.

Jenkintown—Jenkintown National Bank; J. S. Gayley, Cashier, in place of A. H. Baker; no Asst. Cashier in place of J. S. Gayley.

Lewisburg—Lewisburg National Bank; Wm. C. Walls, Vice-Pres.

Philadelphia—Fourth Street National Bank; R. J. Clark, Cashier; W. A. Bulkley, Asst. Cashier.—Real Estate Title Insurance and Trust Co.; J. L. Caven, Pres., deceased.—Ridge Avenue Bank; J. E. Richards, Cashier, resigned.

Pittsburg—Washington National Bank; W. C. McEldowney, Pres., in place of Jno. C. Reilly, deceased; I. R. Whitaker, First Vice-Pres., in place of W. C. McEldowney; J. B. Larkin, Second Vice-Pres.

Saxton—First National Bank; J. H. Sweet, Cashier, in place of J. G. Bell; J. C. Stoler, Asst. Cashier, in place of J. H. Sweet.

SOUTH DAKOTA.

Garretson—First National Bank; G. A. Aus, Cashier, in place of E. L. Swift.

TENNESSEE.

Johnson City—City National Bank; C. N. Brown, Vice-Pres., in place of J. M. Buck; C. B. Allen, Vice-Pres.

Memphis—Bankers' Trust Co. and Security Bank; succeeded by Security Bank and Trust Co.

Waverly—First National Bank; B. R. Thomas, Pres., in place of J. C. Harris; C. J. Blessing and J. B. Bell, Vice-Pres., in place of E. Cowen and J. J. Sanders.

TEXAS.

Annona—First National Bank; H. W. Pirkey, Cashier, in place of Ira C. Bryant.

Beaumont—First National Bank; W. L. Pondrom. Asst. Cashier, in place of W. E. Davidson.

Calvert—Calvert State Bank; successor to J. Adone & Co.; T. M. Taylor, Pres., in place of M. L. Collat.

Dallas—City National Bank; L. P. Talley, Cashier, in place of B. D. Harris; H. P. May, F. Harris and D. S. Lawhon, Asst. Cashiers.

Eagle Lake—First National Bank; Fox Stephens, Cashier, in place of R. E. Walker.

Glen Rose—First National Bank; C. A. Milam, Pres., in place of J. R. Milam; E. A. Milam, Vice-Pres.; W. L. McFall, Cashier, in place of C. A. Milam; E. C. Fair, Jr., Asst. Cashier.

Houston—Commercial National Bank; H. R. Eldridge, Vice-Pres.; B. D. Harris, Cashier, in place of H. R. Eldridge.

Hubbard—Farmers' National Bank; E. Jarvis, Pres., in place of H. N. Tinker; E. B. Wood, Vice-Pres., in place of E. Jarvis.

North Fort Worth—Stockyards National Bank; Geo. W. Armstrong, Pres., in place of F. R. Hedrick; Wm. Capps, Vice-Pres.; S. M. Henderson, Asst. Cashier, in place of A. W. Pierce; no Asst. Cashier, in place of I. A. Miller.

Plano—Farmers & Merchants' National Bank; no Asst. Cashier, in place of R. A. Davis.

UTAH.

Salt Lake City—Deseret National Bank; L. W. Burton, Asst. Cashier.

VERMONT.

Lyndonville — Lyndonville National Bank; Theo. A. Vail, Pres., in place of J. F. Ruggles.

VIRGINIA.

Alexandria—First National Bank; Geo. E. Warfield, Cashier, in place of Thos. W. White.

Pennington Gap—Pennington Gap Bank, incorporated.

WASHINGTON.

North Yakima—First National Bank; C. R. Donovan, Asst. Cashier.

Spokane—Exchange National Bank; E. T. Coman, Vice-Pres.

WEST VIRGINIA.

Belington—Citizens' National Bank; A. J. Stalnaker, Cashier, in place of H. H. Jones, deceased; W. H. Coontz, Asst. Cashier, in place of A. J. Stalnaker.

Middlebourne—First National Bank; E. B. Conaway, Vice-Pres., in place of D. Hickman.

Weston—National Exchange Bank; J. W. Ross, Cashier, in place of W. A. Edwards.

WISCONSIN.

Edgerton—First National Bank; Roy F. Wright, Cashier, in place of Wirt Wright; no Asst. Cashier, in place of Roy F. Wright.

Grand Rapids—Wood County National Bank; Guy O. Babcock, Cashier, in place of F. J. Wood.

Menasha—Bank of Menasha; W. P. Hewett, Pres., deceased.

North Milwaukee—Citizens' Bank; R. M. Owens, Cashier, resigned.

WYOMING.

Rock Springs—Rock Springs National Bank; Jno. W. Hay, Pres., in place of J. B. Cosgriff; Tim Kinney, Vice-Pres., in place of T. A. Cosgriff; H. Van Deusen, Cashier, in place of A. R. Couzens; Robt. D. Murphy, Asst. Cashier, in place of H. Van Deusen.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CALIFORNIA.

Turlock—First National Bank; in voluntary liquidation March 19, 1907.

DISTRICT OF COLUMBIA.

Washington City — Central National Bank, in voluntary liquidation March 28, 1907.

ILLINOIS.

St. Louis—First National Bank, in voluntary liquidation March 30, 1907.

LOUISIANA.

Monroe—Monroe National Bank, in voluntary liquidation April 20, 1907.

MISSISSIPPI.

Hattiesburg—People's Bank, assigned April 8, 1907.

NEBRASKA.

Firth—Citizens' Bank, in hands of Receiver.

NEW YORK.

New York—Corbin Banking Co.

PENNSYLVANIA.

Mahonington—Mahonington Bank.

TEXAS.

Paris—Paris National Bank, in voluntary liquidation March 13, 1907.

VIRGINIA.

Claremont—Bank of Claremont.

THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIRST YEAR | JUNE, 1907 | VOLUME LXXIV, NO. 6

MINIMIZING THE SUB-TREASURY EVILS.

A PROPOSAL of more than ordinary interest and merit, looking to the minimizing of the evils of the Sub-Treasury system, was made in an address by Hon. Wm. B. RIDGELY, Comptroller of the Currency, at the banquet of the Detroit Bankers' Club on the evening of May 29. Mr. RIDGELY's addresses on banking and currency are invariably marked by a thorough comprehension of sound principles and an exceedingly lucid and telling presentation of them. He has more than once performed a valuable service in strengthening the wavering opinions of the bankers of the country on the subject of currency reform and in bringing an orderly and sound sentiment out of the conglomerate views prevailing at some of the bankers' conventions. His address at St. Louis last fall, showing the inadvisability of counting bank notes as a part of the lawful money reserves, is a case in point. In his Detroit speech he made the following feasible suggestions for lessening the harmful effects of the Sub-Treasury system:

"Under the laws which have been in force for many years, the receipts from internal revenue have been deposited in national bank depositaries, daily, as received, but have soon been taken out from the banks into the Treasury, only to be redeposited in emergencies. The Act of March 4, 1907, now makes possible the deposit of all the Government receipts in the banks, and in this way both internal revenue and the customs receipts can be left in circulation.

It is possible, under the law, and I think highly desirable, to go one step farther than this, and collect the revenue mainly in bank credits, without the use of a great deal of the actual cash at all, and thus avoid the necessity of ever withdrawing a single dollar from actual circulation, until needed or it can be promptly paid out for expenses of the Government. This can be done by allowing the collectors of both classes to receive, in payment of customs and internal revenue, certificates of deposit on banks, which are designated depositaries of the United States. The Secretary of the Treasury can designate a sufficient number of depositaries in all places where revenue is collected, who can qualify themselves to receive money and issue these certificates of deposit, by depositing with the Treasurer of the United States the necessary bonds to protect the deposits. These certificates of deposit should state that there has been deposited in the bank issuing them, and credited to the Treasurer of the United States, a certain amount of money. The Treasury Department has held that the money deposited in this way to the credit of the Treasurer of the United States, in a designated depositary, becomes 'money in the Treasury of the United States.' Under this plan, the collectors would receive these certificates with some cash in payment of all dues to the Government. They would daily deposit the cash and certificates in such designated depositaries as the Secretary of the Treasury might direct, and thus receive credit for the amount collected, which, being in a designated depositary, would be protected by the bonds which are deposited, and thus the transaction would be made absolutely safe to the collector and to the Treasury. The banks receiving these certificates as deposits from collectors, could send them through the clearing-house the same as any check, to be settled for the next day. No money would be required, except for the payment of clearing-house balances, and the whole revenue of the United States could thus be collected; be made perfectly safe and secure in the Treasury, and be available for immediate use when needed, without the withdrawal of a single dollar from circulation. The money paid in for revenues would remain in the banks, at the points of collection, and thus there would be the least possible derangement of the distribution of money.

Up to this point the collection of the revenues by the Government would be as near the ideal way as is possible.

The next question is the distribution. The money being on deposit to the credit of the Treasurer of the United States, in various depositary banks, where it had been collected, could be distributed by the Treasury among the different banks in the cities where collected, and moved from city to city and state to state, by checks and drafts on depositary banks. and the balances paid and the necessary funds transferred, the same as is now done in paying the balances due in domestic exchanges. While in any depositary bank, or being transferred from one to another, the funds would be protected by deposits of bonds, and be as absolutely safe as if in the Treasury vaults. Whatever rearrangement there might have to be between bank and bank, and city and city, there would be no change whatever in the total amount of money in circulation, and, therefore, there would be the least possible financial disturbance as the result of the process of collection of its revenues by the Government.

The Secretary of the Treasury would have a daily report of balances with the different banks, and could daily make such a redistribution of the funds as is necessary for the public service. As far as possible, the disbursements of the Government should be made by checks against these deposits, thus still continuing to leave the money in circulation.

As the laws now stand, however, and possibly until a system could be still further perfected, the bulk of the actual disbursements of the Government would have to be made by warrants drawn on the Treasury. The available balance in the Treasury, however, would not only be the money actually in the vaults of the Treasury and the sub-Treasuries, but the money thus placed to its credit in the different depositary banks.

It would be highly advisable, in my opinion, as a means of minimizing the disturbance of the money market, and business affairs generally, to keep the funds of the Government, as far as possible, on deposit in the banks, and only withdraw them to the Treasury to recoup the funds there for expenditures after they have actually been made. This would keep the money in circulation, and reduce to a minimum the disturbance we now complain of so much, caused by the withdrawal of funds from circulation, to be locked up in the Treasury vaults.

When money is needed in the Treasury to restore the working cash balance, or the balances of disbursing officers, it can be quickly and with a minimum of disturbance, drawn from the banks, and deposited with the nearest or most convenient sub-Treasury, the burden of transferring funds thus being upon the depositary banks. The money needed by the Government will be in comparatively uniform amounts, or can be foreseen and calculated quite accurately. The balance actually in the Treasury vaults can be kept quite uniform, and the come and go of the money produced by revenues will be in the bank deposits, where it should be, and where it will cause the least disturbance. The money which might thus be withdrawn from banks to the Treasury would soon go out again for Government expenditures, so that the withdrawal would only be temporary.

If this change in the system is put in operation, it will greatly aid the Treasury in meeting any problems which may arise from a deficiency in revenues. The bank balances of the Treasury Department will be constantly changing; the public will become used to this, and the Government deposits can be gradually drawn down as the money is needed, day by day, with far less disturbance than if notice is given that they will be called at a certain date, or at a given rate, as has heretofore been the practice.

This is the method of handling Government revenues evidently intended by Congress in the passage of the Aldrich bill. It can be put in operation quickly. The means and facilities for handling the business are already in operation, all that is necessary being, perhaps, the designation of a few more depositaries, and their depositing the additional bonds necessary. When it is desirable, the Secretary can accept for these deposits other bonds than Governments, or ask for and secure the substitution of Government bonds when it is thought best to reduce the amount of other bonds held. The Secretary will have this whole matter easily and completely at his command, as it should be. The announcement of this line of policy to take effect at once, would be accepted by the business public as a great step in advance in our Government finances, and would do a great deal to maintain confidence in the financial world. It would, to the greatest extent possible, take the Treasury out of the field as a disturbing element, as far as its internal revenue and customs collections are concerned.

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The chief advantage in adopting the policy thus advocated in the management of the Government finances would be that it could be steadily adhered to as a fixed policy of the Treasury Department. The business world would know positively what the Department would do, and could make their calculations accordingly. It would substitute a definite plan, on the correct principle of the least possible interference with business of all kinds, for the present method of taking more or less money out of circulation without reference to conditions, to be returned only by special action, after more or less harm has been done by these withdrawals.

The Secretary of the Treasury would have the matter well in hand and absolutely at his disposal at all times. If thought advisable, he could increase his balances in the Treasury in times of easy money in anticipation of what might be required at other seasons of the year, although, for my part, I believe the true principle is for the Treasury Department to cease interfering with the operations of trade and commerce by the withdrawal of money, and thus be relieved of the necessity of frequently and in spasmodic ways, 'relieving the money market.' Let the Treasury get clear out of the money market and leave it alone. Business men would then know what they could expect, and make their calculations accordingly. This would have a most salutary effect, for when people realized that the Treasury Department would not rush to their aid, as soon as money became tight, there would be less dependence on such relief, and a far steadier and more satisfactory condition in the money market. It may not be wise to do this at once, but this is the correct principle, and one which should ultimately be applied. This may be considered radical, but it is right, and it is better to be radically right, than conservatively wrong."

The course of action declared for in the conclusion of the Comptroller's address is one which THE BANKERS' MAGAZINE has long advocated. It can not be doubted that the policy of the Treasury in "relieving the money market," however beneficial it may have been temporarily, is, in the long run, extremely mischievous, and at the earliest possible moment—but gradually, of course—that policy should be abandoned altogether. The Government of the United States will have enough to do in attending to its legitimate functions; and, under a proper arrangement for receiving and disbursing revenues, neither disturbing nor relieving the money market will be one of them.

There does not seem to be any adequate ground for the distrust of banks manifested by the Government. Business men receive checks, certified and uncertified, in payment of debts due them, and use their own checks in paying debts due to others. Why should not the Government adopt the same sensible course, under such regulations as may be essential to assure safety and promote convenience in handling the public funds?

THE international political alliances that have been formed recently recall the "Happy Family" of the late P. T. Barnum. We do not remember how the native rapacity of the several animals making up this group was restrained. Perhaps each member instinctively recognized that if a fight were once started it would result in general annihilation. Something of this same instinct may have prompted the recent shifting of international political arrangements.

Certain of the European powers have long wished to divide up China amongst themselves; but they have refrained from doing so, thus far, not out of any consideration for China, but because they could not come to an agreement as to how the territorial acquisitions were to be apportioned. Modest slices of territory have been taken from time to time and "spheres of influence" delimited, the usual plan being for the respective nations to take some additional territory or a new privilege whenever the aggressions of a single one of the group were extended. This was done to preserve the "balance of power."

At present the acquirement of territory or of special trade privileges in China by the nations of Europe appears to have stopped—not because the Chinese have materially increased their military or naval strength, but chiefly for two other reasons. In the first place, as has been stated, the occidental statesmen have been unable to agree as to the division of the spoils; and, in the second place, China has a near neighbor who has shown a disposition to resent European aggression and the ability to prevent it. If the nations that hunger for the territory of China were able to unite and make war on that country to secure what they covet, Japan's opposition to their progress would be unavailing. But we have pointed out the fact that such unanimity has been conspicuously lacking in the past, nor are we likely to witness it in the future. National selfishness, which is only individual selfishness multiplied, prevents any of the would-be piratical powers from conceding to any other the amount of territory to which it believes itself entitled. This disposition defeats an effective union for invading China, and there is hardly any nation, in view of Russia's disastrous experience, that cares to attack Japan, China's new mentor, single-handed. China is, therefore, for the time being, at least, relieved of the necessity of maintaining a large military and naval establishment, and will thus be in a position to devote the revenues, which are none too abundant, to strengthening the country's economic position.

Great Britain, France and Russia have shown an alacrity in forming an alliance with Japan that must be highly gratifying to the latter country. It should be equally humiliating to the other nations concerned, if they have any self-respect remaining. In forming these alliances Japan seems to have been prompted by a desire to secure immunity from attack, at least until her resources are again able to bear the strain of huge military operations, and furthermore to form friendly connections that would aid in securing loans in the European markets. France, with large savings continually seeking investment abroad, welcomed the opportunity of gaining a new customer, and a similar motive may have animated Great Britain to a certain extent, although the latter country has been somewhat nervous since the Boer War, and no doubt feels more secure against possible attacks from Germany, and Russia even, since clasping hands with Japan. Russia, on the brink of revolution, grasped at an opportunity of showing that it was still of importance in international politics. Germany seems to be the one great European power that has no place in this new political combination. This is explained by the fact that Germany has only the rights of a lessee in Chinese territory, not having permanent possessions there, and thus not being in a position to offer Japan a *quid pro quo* for a treaty of alliance. If Germany can escape the burden of a great war for a while longer, that country will be in a remarkably strong position. The maritime interests are developing with swift strides, and the industrial strength of the country has grown amazingly in recent years.

Whatever may have been the motives prompting the recent alliances, their effect will probably be to preserve the *status quo* and to insure world-wide peace for a long time to come, though the latter deduction is not altogether a safe one. Nations are sometimes like drunken men who, immediately after declaring themselves sworn-brothers, set about pummelling each other as if they were life-long enemies.

The United States views these unions of Japan with the leading powers of Europe purely as a disinterested spectator, not being prompted by its fears or self-interest to become a party to such a union, and admonished by its traditional policy of the wisdom of keeping free from entangling alliances.

HON. GEORGE E. ROBERTS, Director of the Mint, has an article in a recent number of the "North American Review," advocating the establishment of a central bank. The details of his plan seem to be such as to commend themselves to most bankers and others who favor an institution of this kind, and the presentation of the plan is marked by the ability which characterizes all of Mr. ROBERTS' financial essays.

The desirability of having an institution of the kind proposed by Mr. ROBERTS is conceded by many of the best banking authorities in the country. The objection generally made to a suggestion for a central bank is based upon the political hostility which such an institution would undoubtedly encounter. A sufficient answer to this objection ought to be that the people of the United States are entitled to the very best banking system that experience can devise. This is true from a theoretical standpoint, but its practical application is difficult, and particularly at the present time when public opinion seems to be very much against granting concessions of any character to institutions that would necessarily require a capital as large as a central bank must have. If an institution of this kind were chartered by Congress, and if the Government should become a shareholder, the bank would be assailed just as the Bank of the United States was, and perhaps with the same result.

It seems probable that with a much less expenditure of energy than would be required to establish a central bank, the same end might be attained by an adaptation of the financial machinery already in existence. The disposition of the banks to call upon Congress for authority to do something that they might just as well do for themselves without waiting for the enactment of new laws, represents the prevailing spirit of the times to rely upon legislation instead of individual initiative. All that a central bank, specially chartered by Congress, could possibly accomplish lies within reach of the banks now, as we may more specifically point out hereafter.

IN view of our own urgent and apparently insatiable demands for cash capital, it may seem like taking a long look ahead to consider the desirability of enlarging American investments abroad. But these are times when conditions are subject to vast and sudden changes, and considering that the present rapid pace of enterprise in the United States has been so long maintained, it is not unreasonable to suppose that at no distant day there will be a relaxation in the demand for cash capital for home undertakings and a consequent opportunity for its employment to a considerable extent elsewhere. The tendency of sound investments to return a diminished yield will also cause investors to seek for more profitable securities, even though they must go abroad to find them. From an investment standpoint our Government bonds are already less desirable than those of several foreign governments where there is no question as to the absolute character of the security. The bonds of any first-class power are among the most desirable kinds of securities so far as safety is concerned, but there are other safe investments yielding a better income.

American enterprise and capital have already invaded Mexico, Canada and some of the South American countries, and will probably be turned in the latter direction to a marked extent within the next few years. Mexico has attracted American capital very largely, by reason of the proximity of that country to our own borders, the close and friendly political relations long existing between the two nations, and especially because of the rich opportunities presented in Mexico for profitable enterprise. The amount of American capital now employed there is between $500,000,000 and $1,000,000,000, and probably not far from the latter figure, which will be increased as a result of the adoption of the gold-exchange standard and the generally enlightened economic policy devised and carried out by President Dias and his able ministers.

The South American countries, although more remote from our shores, offer opportunities for employing American energy and money quite as favorable as those which have been found in Mexico. While we have not been entirely indifferent to these inviting fields, our share of the rewards to be obtained there will be much smaller than it should be unless the attention of the moneyed men of the United States is persistently called to the opportunities awaiting them. Believing that it will be beneficial to our national interests to extend American trade and enterprise in Latin America, The Bankers' Magazine has arranged to present a series of papers showing in as much detail as possible what is needed by our Southern neighbors.

While throughout South America there are yet immense fields of virgin territory, with undeveloped resources, it must not be inferred that the country is a wilderness inhabited by the aborigines. That view, perhaps, does not exist here; but if so, the articles to be presented in the Magazine will show how erroneous it is.

Preliminary to considering Latin America as a field for American capital and enterprise, it has been thought advisable to study the general subject of foreign investments from an economic standpoint. This has been done most thoroughly by Mr. Charles A. Conant, the well-known authority, in the May number of the MAGAZINE. He especially emphasizes the necessity of employing American capital in banking and in the promotion of facilities for credit as a means of promoting our trade with Latin America. We shall find there already large British and German banks, with which competition will be difficult. The National Banking Act does not permit the national banks to establish branches at home or abroad. But for this prohibition of the banking act, it would be possible for some of our larger banks to enter into competition with the European institutions in South America. It is not impossible, however, to organize a bank, under State laws, with a capital big enough to command confidence. In fact, the International Banking Corporation has already gained a foothold in the Orient and in Mexico.

Concluding his enumeration of the economic benefits of investments abroad, Mr. CONANT says that the entry of American capital upon the Latin-American field will afford high returns, if investments are made with intelligence and prudence, and will give a breadth and cosmopolitan character to the American market which it now lacks.

In the present number of the MAGAZINE, Hon. JOHN BARRETT. Director of the International Bureau of the American Republics, points out what has already been done by American enterprise in South America and the immense possibilities of the future. Mr. BARRETT, through his official residence as American minister at several of the Latin-American capitals, and by reason of his extensive travels in those regions, is especially well equipped to deal with the subject of which he writes. His paper, we are sure, will be read with the deepest interest by every one who desires to see an extension of the commercial prosperity of the United States and an enlargement of the country's financial power.

TWO remarkable statements were made in addresses delivered before the recent annual convention of the New Jersey Bankers' Association. The first of these was by Hon. CHARLES N. FOWLER, Chairman of the Banking and Currency Committee of the House of Representatives, who said:

"There is hardly a single law on the statute books of the United States affecting our finance and currency that was not born of necessity and therefore was not the product of financial or economic thought without reference to control of the incident of the hour. The greenbacks, the demand obligations of this Government, which are now outstanding to the extent of $346,000,000, were born under the exigency of the nation's life. Your national bank notes, so-called, were born under the pressure of a scheme to sell Government bonds. Every dollar of silver that has been issued in this country—I speak of the legal tender silver—of all the certificates based upon them, are the miserable children of political ignorance. What is there left that is the product of financial and economic thought? The certification, practically, of a piece of gold containing twenty-two grains of gold—some other little legislation, but practically nothing but that."

It is well known that a country can in time adjust itself to any currency system however imperfect it may be. Nevertheless, a bad currency system tends to retard a country's commercial and industrial progress. In the case of the United States this tendency has been less observable than it otherwise would have been, owing to the vast undeveloped resources of the country and the remarkable energy of the people. It is, however, not very comforting to our pride in American institutions to have such a reflection on the character of our financial legislation as was made by Mr. FOWLER, and unfortunately we cannot take refuge in asserting that his remarks were at variance with the truth. Substantially all the important banking and financial legislation of the last half-century has been enacted under the stress of some urgent necessity. It is doubtful if any unprejudiced critic could be found who would approve the system in its entirety, and the best informed financial authorities of other countries almost universally condemn many of its leading features.

It may be replied to all this that the country has prospered despite the imperfections of the banking and currency system adverted to. But no one can tell how much greater this prosperity might have been if these imperfections had not existed.

In view of the fact that other nations which are our competitors for international trade are endeavoring to improve their currency and banking systems so as to make them efficient instruments for promoting their economic interests, we should be alive to the necessity of pursuing a similar course. It would be rather an expensive policy to wait until our foreign trade rivals have so perfected their financial and economic machinery as to give them a great advantage in this contest, for such advantage once being gained would be hard for us to overcome.

The second statement to which reference was made above is that of Col. JAMES R. BRANCH, secretary of the American Bankers' Association, who also made an address at the New Jersey convention, describing the attempt made last spring by the Currency Committee appointed by the American Bankers' Association to secure financial legislation. Col. BRANCH told of the appointment of several of the representative bankers of the country to serve on this committee, and then gave an account of the experience of the committee in Washington. In the course of his address he said: "We were told in Washington that nothing could be done in regard to currency legislation unless it bore the imprint of Senator ALDRICH's name, and the only currency legislation that went through was known as the Aldrich Bill, and you are all familiar with that."

Col. BRANCH's statement in this respect confirmed an impression that very generally existed among those familiar with the course of financial bills presented to Congress. For some years Mr. FOWLER, the Chairman of the Banking and Currency Committee, has made a forceful and intelligent fight in behalf of banking reform, and has met with considerable success in the House only to find his efforts rendered fruitless by the opposition of the dictator at the head of the Finance Committee of the Senate. It may be that Senator ALDRICH's knowledge of banking and finance is so profound, his abilities so great, and his patriotism so all-embracing, that he is the one person in the United States to be entrusted with the solemn responsibility of deciding just what banking and financial measures shall be allowed to receive the sanction of Congress. Many men who have devoted their lives to the study of banking and financial problems do not seem to have heretofore been aware of the great store of information which the Rhode Island Senator must possess in relation to these recondite subjects, to qualify him for this exalted position. The people of the United States are certainly very fortunate in having the financial interests of the country safeguarded by a gentleman of such eminent ability, who has the interests of the people so much at heart. We here have a practical demonstration of that check upon popular government which the Senate of the United States was designed to exercise. But for the obstructive powers of the Senate in general, and of Mr. ALDRICH in particular, a banking and currency measure representing the wishes of the bankers and of the people of the United States might, long before this, have become a law.

In view of the history of attempts at financial legislation within the last few years, it would seem that what is required to make such attempts effectual is not to design a measure that will meet with the approval of the bankers or of the people, but to find out whether representative government longer exists in the United States.

EXPRESS companies are competing with the banks in transmitting money from place to place in a way that is, naturally enough, becoming very distasteful to the latter class of institutions.

The function of supplying exchange on different points is one that would seem to belong most appropriately to the banks, and is hardly a part of an express company's business. The companies were shrewd enough to see that they could make a profit in selling money orders, and they found by experience that the banks would cash these orders, so that it was not even necessary for the express companies to transport the currency from one place to another to meet their drafts nor even to keep a large supply of currency on hand for that purpose. On the other hand, when the banks found it necessary to ship currency to provide for meeting their own drafts and those they had cashed for the express companies, the latter were able to make a profit from the banks in transporting the funds to meet their own drafts. This, it must be admitted, was a very clever business stroke. But the banks have finally tired of accommodating the express companies and are now making a strong fight to recover a business of which they never should have been deprived. Congress, the Interstate Commerce Commission and the Attorney-General have all been appealed to in the endeavor to prevent the express companies from "carrying on a banking business."

The banks might easily take all this business away from the express companies and also get a large share of the postal money order revenue by offering to furnish exchange free, as is done by the Imperial Bank of Germany and other European banks. It is probable that by so doing they would profit far more than they now do by the sale of exchange, even if they had all of the business at present done by the express companies.

If all banks freely cashed checks drawn on other banks located in any part of the country, and furnished exchange on any point without cost, they would probably increase their deposits to an extent that would more than compensate for the loss of the income now derived from the charges on "out-of-town" checks and the fees received for issuing drafts, though the source of the profit might not be so apparent. One of the problems worthy of careful study is, how to get the money of the country into the banks—a problem which has by no means been solved, as a study of the monetary statistics issued by the Treasury Department will show.

SECURITY for debts consists not alone in the property or revenues pledged for the loans, but is largely dependent upon the means at hand for applying these pledges to the payment of the debt. With respect to ordinary loans, the means of enforcing their payment is quite adequate, but where loans are made to municipalities, states or governments, the machinery necessary to enforce payment is difficult to put into operation, and the process is also quite expensive, and in some cases such machinery can hardly be said to have any existence at all. This is especially true with relation to loans made to foreign governments. If a nation chooses to repudiate its debts, the creditor, after having exhausted attempts to enforce his rights through the customary diplomatic channels, has no recourse left him unless the country of which he is an inhabitant chooses to go to the extreme course of making war upon the debtor nation. Such a drastic procedure, though not common, is not unknown.

In this country the repudiation of state and municipal debts is becoming so rare as to be an element which may almost be disregarded in judging of the value of securities of this kind. It is, of course, possible that a state or municipality may make illegal issues of securities by exceeding the prescribed statutory limit of its indebtedness or by failing to observe other legal requirements. But the chances of loss from this source are constantly growing less, owing to the safeguards which legislatures are placing around the creation of municipal debts. In some states the securities are required to be validated by a state officer or by some of the courts, and after this has been done the legality of the securities is not open to question.

Where a foreign government either repudiates its debts or fails to make provisions to meet interest charges, the holder of the securities cannot enforce his rights by bringing suit against the sovereign power. Most governments, however, have reached that degree of enlightenment which demonstrates that it is very poor policy to fail to meet their engagements promptly. They learn by experience, the same as individuals do, that they can only hope to get new loans by keeping their credit good.

Foreign securities have not thus far attained much popularity on our exchanges. This is due chiefly to the fact that our capital is so largely required for home enterprises that only a small margin is left to be invested abroad. But it appears that such investments as we do make in other countries go more largely into industrial enterprises than into government securities. This may be due to the fact that the latter generally return a lower yield than the former, though it would seem that the government securities would be attractive on the ground of their greater security. Since our own public debt is now removed from the investment field by being put to special uses, it is not improbable that there will be a tendency in the future for American funds to be invested more extensively in the bonds of foreign countries than has been the case heretofore.

In an interesting article appearing in this number of the MAGAZINE, MR. EDGAR VAN DEUSEN discourses at some length on the status of holders of foreign securities. He says that practically the only security the holders of foreign bonds has consists in the disposition of the debtor nation to pay its obligations. Where this disposition does not exist, the remedy of enforcing payment is practically impossible of employment.

Perhaps, with the growth of enlightenment, it may not be necessary to provide means for bringing delinquent nations to a proper sense of their financial obligations, and yet it cannot be doubted that if such means were at hand, one of the frequent sources of international friction would be removed. Among the practicable problems which the Hague Court might consider would be this of enforcing payment of national debts. The sentiment seems to be that nations should refrain from using force in making collection, but there really does not appear to be any more sound reason why a nation should not be compelled to pay its debts than can be found in the case of individuals. As a matter of fact, the ability of the former to make such payment is more likely to exist than in the case of individuals or corporations. If an international court could be formed, of a purely judicial character, to pass upon the justice of any claims that were in controversy, and after the validity of the obligation had been finally established, there would seem to be no sound reason why a nation should not be compelled to pay its debts even if force were necessary to bring about a settlement. Having received full value for its securities, it should be required to return an equivalent, together with the payment of fair interest charges, to those who advanced their money on the strength of their faith in the government to whom the loan was made. There is no valid excuse why a nation should repudiate its just obligations, and the growing interdependence of the world's money markets more than ever makes it desirable that capital should be secure wherever invested, and this ought to be the case especially where such investment is made in government securities which ought to be the highest form of security known. Although the Hague Conference is primarily an instrumentality for the promotion of peace, and therefore might probably regard with horror a suggestion of employing force for collecting national debts, yet it is quite possible that if the Conference would approve a carefully-devised measure permitting this, it would tend most powerfully to promote the world's peace.

IN the current number of the "Yale Review" Professor FRED ROGERS FAIRCHILD, instructor in economics at Yale University, deals with "Our Currency Problem" in a paper that for comprehensiveness and soundness of principle has perhaps not been surpassed by any recent discussion of this important subject.

He starts with the following assertion: "Any correct system of currency must be based on a foundation of gold. This is the case with deposits. Under proper banking methods, deposits can not expand without a proportional increase of the gold reserves of the banks. This furnishes the natural and necessary check to inflation. * * * The basis of the American bank-note currency is the Government debt, the very worst kind of foundation. There is practically no limit to the inflation or contraction of the note issue which may be caused by changes in the national debt, utterly regardless of business conditions or the money supply of the country." Illustrations of such fluctuations in the bank-note circulation are then given.

Professor Fairchild next points out the danger from paper money inflation consequent upon the issue of bonds to pay for the construction of the Panama Canal. The Bankers' Magazine called attention to this danger when the bond issues for this purpose were proposed. The policy of seeking to float two per cent. bonds by giving them an artificial value, due to their availability as security for bank circulation, will prove unwise and costly. It would have been better had the bonds borne a rate of interest that would have made them attractive to investors, and they should not have been made available as security for additional bank circulation. Or, better still, if there had been no present bond issue at all on account of the Panama enterprise, which could have been paid for without inconvenience out of the revenues, the inflation of the currency could have been avoided and an enormous saving in interest charges might have been made. When the canal is completed and in operation, its cost might have been capitalized, and the earnings would probably be sufficient to pay the interest on the bonds and provide a sinking fund to extinguish the principal. As a matter of fact, the canal scheme has been used apparently, on one occasion, at least, as a pretext for issuing bonds, the actual purpose being to "aid the money market."

Professor Fairchild believes that we should begin the work of ultimately ridding the country of a bond-secured circulation altogether, and to this end he favors the adoption of the proposal made by the Currency Committee of the Chamber of Commerce of the State of New York, that future issues of bonds be not available for bank-note security. This is an important matter, and should not be lost sight of when the subject of currency legislation is again taken up in Congress. He also recognizes that a tax on credit currency is unnecessary, but believes it might be of some value in the experimental stage of changing from a bond-secured circulation to one based on general assets. Finally, he points out that the proposed system of asset notes must be at least as safe as deposits are to-day, and no one charges that our deposit system is unsound.

MOB depredations have more than once threatened to cause complications in the relations of the United States with other powers, the latest incident of this character being the anti-Japanese demonstrations in San Francisco. It is not improbable that this occurrence has been magnified in the course of its transmission across the continent, and it is hoped that the matter may not have the serious aspect ascribed to it by some writers. Still, following on the heels of other irritating incidents, it is likely to impress Tokio with a belief that the Americans are bad-mannered.

It is interesting to note in this connection that had the attacks been made upon our own citizens, even if they had been deprived of their lives, no notice whatever would have been taken of the matter by the Federal authorities.

Killings by mobs, so long as the victims are citizens of this country, rarely meet with punishment either by the state or national authorities. Theoretically, it is one of the fundamentals of republican government that no one shall be deprived of liberty or life without due process of law, but actually this principle is violated in many states of the Union, and in nearly every section, quite frequently and on various pretexts, and it is rare that anybody is punished for disregarding what should be one of the most sacred compacts which bind society together. No doubt the provocations to mob violence are sometimes very great, and a resort to this form of vindication of injuries may apparently have about it the marks of the rudimentary virtues. Yet it is doubtful if it is ever justifiable—certainly not until legal processes have been exhausted. Furthermore, this mob spirit is a monster that makes the meat it feeds on, and its appetite is ever harder to appease. It manifests itself in numerous forms, attacking both persons and property.

It may be that Japan will indirectly teach us a good lesson if it insists upon the protection of its subjects from violence at the hands of United States mobs. We may be awakened to the fact that our own citizens should be given similar protection, both with respect to their lives and property.

There is upon the part of both Federal and state executives a disposition to evade their sworn duties to uphold and enforce the laws. They prefer to win applause and fame by identifying themselves with some new policies of legislation, rather than by modestly but firmly discharging the duties appertaining to their offices.

The humblest member of society, even more than the powerful and wealthy—who can to some extent protect themselves—is profoundly interested in a vigorous and impartial enforcement of the laws. A disregard of the law, irrespective of the standing of the offender, tends to injure everybody.

The mob spirit, wherever it may show itself, or in whatever form it may appear, should be sternly checked, and this means that executive officers must be held to a strict accountability in the performance of their duties, which is an end that may be assured only by the cultivation of a sound public opinion.

OUR monetary situation has in it elements of weakness that have been concealed by the abnormal business activity that has existed for a number of years, but we cannot rely upon the continued existence of these favorable circumstances as a cloak for our financial sins. In fact, though business is still active and prosperity rules everywhere outside of the stock market, and despite the extraordinary expedients resorted to by the Treasury to protect the country's gold stock, there is already some speculation about gold exports taking place on a large scale. Perhaps the Treasury may, for the time being, prevent gold from going out by withdrawing public deposits from the banks and locking them up; in other words, by burying money in the Treasury vaults where it is of use to nobody. If we are in debt to Europe, or if the gold is really needed there, it should be allowed to go freely. Artificial hindrances to gold exports are liable to react unfavorably, in the end, upon our own money market. On the other hand, if there is a redundancy of money here, the obvious course, under a sensible system of currency would be, not to lock up actual money, but to pay off and cancel an amount of bank notes sufficient to correct the redundancy.

Exports of gold, under normal conditions, need not be a source of apprehension. But when bank reserves are as low as they now are in the United States, they can not be regarded with indifference; for the banks must either increase their reserves by adding to their stock of gold, or they must diminish their liabilities.

The one element in the monetary situation that may well be an object of grave concern is the immense supply of uncovered paper money in the country. We have about $600,000,000 of bank notes, issued without any regard to the coin reserves of the issuing banks, and with no reserve in coin held for their redemption; $346,000,000 of greenbacks against which there is a gold reserve of $150,000,000, thus leaving, with the bank notes, $796,000,000 without any gold cover. If to this we add the deficiency in the value of the silver coins held to secure the payment of silver certificates, we find that the United States has at present over $1,000,000,000 of uncovered paper in circulation.

Such a condition contains the seeds of ruin and distrust. These seeds have already been sown, and though the harvest may be delayed, it will be reaped in the end. But the future yield may be diminished if the sowing is promptly stopped.

The addition to the country's permanent stock of uncovered paper money has gone quite as far as is compatible with safety. It may be checked by adopting the recommendation made by the Chamber of Commerce Currency Committee, that future issues of United States bonds be deprived of availability as security for national bank circulation. This might tend to restrict the organization of national banks, but there can hardly be a doubt that such restriction, for a considerable time, would be beneficial.

The United States Treasury, with a large surplus, is in a position to aid the money market whenever such aid may be required; and the banks, though somewhat below their normal reserves, are strong in the character of assets held. But we have seen how quickly both of these favorable conditions may be reversed once distrust is engendered.

An excess of uncovered paper "money" has been the most fruitful source of financial disturbance, and there are some indications that the United States is now close to the safety-line in this respect. A billion dollars of uncovered paper is rather a big risk, even for a country so large and prosperous as our own is now. If the present mischievous policy of inflation is allowed to run its course, until it culminates in panic and disaster, it will not be for lack of historical examples or timely warning.

SOME curious examples of bank architecture are arising throughout the country, consequent upon what seems to be a craze for imitating the classic Grecian models. Looking at the pictures of certain of these twentieth century temples of Mammon, one would expect to find them surrounded by the silvery groves of Ilyssus, amid plashing fountains, and filled with the devotees of some gentle goddess. How rude is the awakening to find them located in a dreary street, in the midst of dingy surroundings, immersed in clouds of dust, and filled with a bustling throng of busy money-changers!

There has been, indisputably, a vast improvement in the country's banking structures within the past ten or twenty years, and these improvements have fully justified themselves by the increase in business resulting therefrom. The shabby, poorly-lighted and illy-ventilated banking rooms, with their wretched means of accommodating the public or those engaged in the bank, have given way to large, elegant offices equipped with everything that the architect, decorator, sanitary engineer and safe-maker can devise for making banking pleasant as well as safe. Next to good management, there is probably nothing more calculated to recommend a bank to public favor than an attractive building.

But in their efforts to meet the progressive tendencies of the time in regard to banking architecture, many of the banks have been so eager to produce impressive effects that they have seriously violated the canons of taste. Solidity, rather than showiness, is desirable. Yet we find, built on narrow city lots, structures with imposing fluted Corinthian columns, of proportions sufficient for a building several times larger. When a building like this fronts on a narrow street it can hardly ever be viewed with the requisite perspective to give it other than a grotesque appearance.

This straining for effect and over-ornamentation, particularly characteristic of the exterior of many recent bank buildings, runs counter to the dominant idea of banking, which is solid strength. This does not exclude beauty nor demand severity, much less ugliness; but it does call for simplicity and good taste.

Other buildings can not be criticised on the ground of showiness; but, owing to the adoption of the classic style of architecture—wholly unsuited to their size—they have been converted into semblances of tombs —hardly an appropriate symbol for a live bank.

The Grecian temples crowning the Acropolis, or placed by the side of a lake; seen through interlacing branches of the trees, or beyond the sweeping bend of a river and the undulations of the lawn, were unmatched in their beauty. They do not, however, bear transplanting to the inappropriate surroundings of the modern market-place.

It is interesting to note that in many countries this style of architecture is reserved for art galleries, theatres, etc. Theatres and opera houses, which are, supposedly, temples of art, rarely attain a dignity of appearance, in this country, above that of the ordinary business establishments. Our leading opera house would never be suspected of being devoted to other than plebeian uses. On the other hand, many of the banks in the same city might well be mistaken for the homes of the fine arts. Because our temples are temples of Mammon, it may be held that we are given to dollar-worship, and there can be no question that material prosperity largely engages the thoughts and activities of the world of to-day.

BANK taxation is a subject that does not seem to have received sufficient consideration by the various state bankers' associations or by the American Bankers' Association. Not only are there inequalities in the taxes laid upon different classes of institutions but a single class of banks may be taxed in one way in one district and at a higher or lower rate in another district within the same state. Frequently assessments are made upon bank shares or securities and real estate by officials who have but a scant knowledge of the law governing such assessments. In fact, the law is often so vague as to be open to misinterpretation even where the taxing authorities are well informed. In some communities there is still a survival of that prejudice against banks which has caused them to be regarded as appropriate objects of confiscatory taxation.

Banks represent so much wealth that they are a shining mark for the gatherers of taxes.

Except the tax on circulating notes, the Federal Government does not at present lay any taxes upon the banks, and it practically gives the states a free hand in taxing the national banks, the law merely stipulating that they shall not be taxed at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens.

This provision has not prevented the states from exempting savings banks from taxation altogether nor even from allowing trust companies to be more lightly taxed than national banks. Any discrimination between the national banks and the ordinary commercial banks operating under state laws would, however, not be tolerated.

It is probable that if the same attention were given by the bankers' associations to the subject of taxation as has been paid to the Negotiable Instruments Act, many existing inequalities might be corrected.

Injustice has been suffered by banks in the matter of taxation, because it has been feared that agitation for reform might bring even heavier taxes. But the banks are strong enough, especially if united, to demand just treatment. As a matter of fact, the majority of the state legislatures are disposed to deal with the banking interests in a spirit of fairness, but the administration of the laws relating to taxation of all kinds is such as to permit serious discriminations. If the bankers' associations would take up the subject of bank taxation and study it in all its aspects, they could collate a fund of information that would greatly aid in establishing a sound and just system.

BENEFITS OF THE STOCK EXCHANGE.

IN a recent address, W. C. Cornwell, of the firm of J. S. Bache & Co., New York city, said:

"A great, well organized stock and produce exchange furnishes the means for a smoothly working substitution of cash for securities and vice versa, both throughout its own country, and between its own and other countries. It regulates values so that the owner of the smallest number of shares or bushels is safe from the extortion in prices which would exist if there were no touchstone to establish the worth of his ownings by the great law of supply and demand, scientifically wrought out.

Instead of being an evil to be preached against, the exchange is one of the great modern benefactors of mankind."

GOVERNMENTAL BONDS AS INVESTMENTS.

BY EDGAR VAN DEUSEN,

FORMER INSTRUCTOR IN FINANCE, TUCK SCHOOL, DARTMOUTH COLLEGE.

I. UNITED STATES GOVERNMENT BONDS.

Amount and Different Issues.

THE interest bearing funded debt of the United States is now over nine hundred million dollars ($900,000,000), which may be somewhat reduced in the present year by a redemption of one and lesser increase of another of the distinct bond issues which represent it. These issues, in the order of their maturity, are: four per cent. bonds of 1907; three per cents. of 1908-'18; two per cents. of 1916-'36—known as the Panama canal bonds; four per cents. of 1925, and the two per cents. of 1930—termed the "consols" (consolidated debt) of '30, which constitute now above seventy per cent. of the total indebtedness, and is the issue in which most of the present transactions in Federal bonds occur.

Two Forms of Bonds.

All issues, furthermore, are made in *coupon* or *registered* form to meet different investment needs: the former have series of separate and detachable promissory notes for each of the repeated interest installments until maturity of the bond, which is transferable by delivery, both principal and interest being payable to bearer, which necessitates careful protection of such securities; this form is most convenient for sale and delivery, and is generally preferred by foreign buyers of United States bonds and other relatively temporary holders, especially as foreign banks accept such coupons as equivalent to cash; accordingly, the coupon bonds commonly enjoy a rather readier market and may command a small premium of one-fourth to one-half per cent. over registered bonds of the same issue.

Registered bonds, which constitute more than two-thirds of the total, are inscribed with the names of the owners or payees, to whom only they are therefore payable, and which may be transferred by formal assignment indorsed upon the bonds and entered on the United States Treasury register. Payments on such bonds, when lost or stolen, may accordingly be promptly stopped by the owner's notification to that effect sent to the Treasury Department.

Conversion of Forms.

Legal provision is made for free conversion of coupon into registered form, though there is no statutory authority for the reverse process; but it may generally be effected by an exchange sale in the bond market at the cost of a small premium plus commissions. A majority of Government bonds are sooner or later registered, around ninety-eight per cent. of the "two per cent. consols of '30" being in that form.

Denominations.

To render Federal bonds available for small investors, in accord with the policy of "popular loans," all the issues have denominations unusually small for bond securities, a minimum of $50—besides $100 and $500 bonds—being found in the first, fourth and fifth groups named, and $20 bonds—with $100 and $500 issues—in the second group, in addition to the usual $1,000 and multiples thereof, suitable for institutions, up to $50,000 in case of registered bonds of the first and last-named issues.

Yield.

Being of prime security, the yield on bonds of this country is naturally at the lowest point. A summary of tables by the Government Actuary giving the investment return, with proper allowance for sinking fund, shows that at no time during the years 1900-1902 inclusive did the yield on "consols of '30" or "three per cents. of 1908-'18" equal two per cent.; in only two out of thirty-six months did "four per cents. of '07" yield two per cent. or better; while the "4's of '25" returned two per cent. or more for only twenty out of thirty-six months, and at no time was the "basis" practically higher than 2¼ per cent.

Prices.

With unquestioned security and absence of "short" sales, because of the practical difficulty of borrowing these bonds for "deliveries," Federal issue prices are very indirectly influenced by current sentiment and rumors, but uniquely determined by legitimate demand and supply; which, however, are here subject to certain influences—aside from the usual ones of investment purchases on one hand and redemptions or new issues of the same or other high-grade bonds on the other—peculiar to United States Government bonds, whose prices, therefore, may be considered in a sense "artificial," so far as directly dependent on the effect of legal statutes rather than of commercial conditions. The special demand for these issues—to which is measurably due their high price and correspondingly low yield—arises from their use as surety for Government deposits and for bank-note issues, which normally increase with the enlarged demand for currency in times of great commercial activity when the demand for corporate bonds is apt to lessen. An increased market (not real) supply, with a possible decline in market price, of Government bonds may be occasioned by a withdrawal of circulation by national banks, a reduction of Government deposits, or acceptance by the Treasury Department of other bonds—public or private—as surety for Government deposits.

The price fluctuations of Federal issues are uniformly within narrow range and seldom vary far from around three to four points during a year, save in exceptional cases.

Quotations on the exchange for Government issues are "flat" prices—or include interest—for large lots; but as perhaps ninety per cent. of purchases and sales of these bonds are made through banks and bond houses, the "exchange" prices generally differ slightly from those at which most of the transactions are effected.

General Merits and Drawbacks.

In conclusion, the *merits* of these bonds may be summarized as: (*a*) *security,* which adapts them for trust fund investment and all cases where revenue is but an incidental consideration; (*b*) *steadiness,* as to *income* and *price,* as above indicated; and (*c*) ready *convertibility.*

Their *disadvantages* consist (*a*) in their *low return,* which makes them unsuitable for the small investor for whom other bonds of practically equivalent security with better yield may be found; and (*b*) constantly *diminishing price* as the bonds approach maturity, since all United States issues sell at a premium.

II. FOREIGN GOVERNMENT BONDS.

Coincident with the large increases of loanable wealth in the United States during the last decade and of the funded debt of most other civilized nations has arisen an enlarged investment of American money in foreign government obligations.

Chief Issues.

Of these much the most important as to amount of yearly purchases and sales—and second as to size—are the five *Japanese* issues in sums of ten to two hundred pounds sterling—though none of less than £100 denomination were issued in the United States—to the total of over $196,000,000 originally offered in this country. In two of these issues—the "first" and "second" series of 4½ per cents.—transactions for 1906 amounted to nearly thirty-nine million dollars, which was over sixty-seven per cent. of the whole trade in Japanese bonds, and around sixty-three per cent. of all negotiations of the eight most active foreign government securities dealt in here.

As special assurances of repayment, specific claim on the customs revenue of the Empire was accorded to the first and second loans, while the third and fourth issues possess a charge on the tobacco monopoly; the last loan, in accord with the steady rise of Japanese credit, not only bears a lower interest rate (four per cent.) but has no specific asset pledged to its support.

Put out with especial reference to the English, rather than American market, and hence with the par value expressed in pounds rather than dollars, it was necessary, in order to secure and facilitate subscriptions in the United States, to have a fixed, instead of a fluctuating and uncertain, rate of exchange between these two countries on which definite values might be based and conveniently compared from day to day without the elaborate calculations involved by the repeated shiftings of sterling exchange rates. Accordingly, the fixed rates of exchange at or near par—or $4.87 per pound sterling—were adopted as the basis of both principal and interest payments.

In each case, the Japanese Government reserves the right to redeem at par, on six months' notice, before an interest date after specified times and prior to maturity, any or all of the bonds, at its pleasure.

Next in point of trade activity and size are two *Mexican* issues for a total of $150,000,000: the five per cent. external gold loan of 1899, in coupon bonds of twenty to one thousand pounds sterling, and nominally secured by an agreed accumulation of sixty-two per cent.—which may be increased after ten years from issue to hasten repayment of the loan—of the Mexican import and export duties into a sinking fund; the bonds being free from all Mexican taxes, and redeemable by semi-yearly drawings or market purchases or—after 1909—repayment of the whole loan on three months' prior notice.

Also listed on the New York Stock Exchange and the issue in which are most transactions in Mexican securities, are the four per cent. fifty-year gold bonds of 1904 in denominations of $1,000 and $500 United States gold coin or the foreign equivalent at fixed exchange rates, and gradually redeemable through a sinking fund by drawings at par, or—after 1909—by market purchases if the price be below par.

Cuban bonds were among the first foreign government issues to attract the attention of American investors, and are held to a large proportion in this country. The present issue—put out in 1904 by the Republic to take the place of the six per cent. "revolutionary" bonds issued by the "Junta" in 1896, and on which interest default and serious question as to security had arisen—consists of $35,000,000 of five per cent. forty-year coupon bonds (exchangeable for "registered") in denominations of $1,000 and $500, and nominally secured by (*a*) a special *tax* created by the authorizing act to continue in force during the bonds' life to pay their principal and interest, and also (*b*) fifteen per cent. of the Republic's *customs receipts* assigned to repayment of the loan; this is payable in United States gold coin and amortized by yearly application of over one million dollars to purchase the bonds in the market at or below par and accrued interest or, when this is impossible, by drawings for redemption at the same figure.

Philippine Islands four per cent. Land Purchase bonds to the sum of $7,000,000 are actually a foreign government security though registered with our Federal Treasury Department and commonly quoted with issues of the United States, over whose faith and credit and by whose aid and recognition—*but not with whose guaranty*—the bonds were put out, in denominations of $1,000 and $10,000, suitable for banks by whom they are used as security for Government deposits and for circulation; these bonds are exempt from all taxes or duties of either the Philippine or United States Governments or any of their subdivisions, and are redeemable after ten years at the insular government's option or finally payable in thirty years from date of issue in United States gold coin.

British $2\frac{1}{2}$ per cent. Consols are the most largely held English Government bond, American purchases having been made largely in connection with the Boer War loan. To facilitate trade in such consols and avoid necessity for repeated reconversions from registered to coupon form, and back, "certificates" transferable by indorsement and delivery may be here issued against consols held by the issuer and registered with the Bank of England. An *income tax* of five per cent. of the nominal interest is levied on these bonds by the British Government and deducted by its agent, the Bank of England, before remission of the accrued interest. Their possible redemption in 1925 gives to these bonds a certain speculative value when quoted below par.

The above issues comprise the major and most prominent part of foreign government bonds handled in the American market, though the obligations of a considerable number of other governments, chiefly the more enlightened and reliable nations of northern Europe, are found in the portfolios of financial institutions. *Russian* Government four per cent. Rentes constitute by far the largest foreign issue, being for an equivalent of over one billion dollars; though listed on the New York Stock Exchange in 1902, dealings here in these bonds have been so far relatively insignificant. *French* three per cent. Rentes, though mostly held at home, are also purchasable in the American market; being non-redeemable, they are a perpetual loan. *German* issues include two series of three and three and one-half per cent. consols of the Empire, issued chiefly for naval purposes, a few German state issues, and those of a half-dozen municipalities, values in each case being estimated in "marks" at four to one dollar. Further specifications need not be made.

Yield.

Nominal interest rates of the above issues range from $2\frac{1}{2}$ per cent. to 6 per cent., but commonly average about $3\frac{1}{2}$ per cent. or 4 per cent., though actual yield is frequently higher, as many of these bonds sell below par.

Prices.

Prices of government bonds—as if for private unsecured debts—normally reflect a country's general credit as seen in its honesty, productivity, intelligent thrift and economy, its budgetary burdens and the ease and regularity with which they are met; its commercial relations and revenue, and all indices of its practical economic strength.

In addition are three more characteristically financial factors—aside from interest rate and the condition of a country's currency—which may also affect prices of separate public, or private, security issues by debtors of substantially similar credit, as (*a*) the number or variety of a nation's securities among which an investment choice may be made; (*b*) the preference for certain classes of issues of the clientele who purchase such investments; and (*c*) liability of the particular security to tax deductions by the debtor government, which distinctly lowers its yield and hence its "basis" price.

A further conceivable influence peculiar to government bond credit and prices is a country's home market for its obligations or independence of external creditors; for political reasons the normal field for a government's borrowing is among its own people; hence, application for funds to the subjects of another nation is a *prima facie* confession of a degree of financial impotence, and perforce subjects its credit to the confidence and sentiment of foreign and possibly hostile lenders. Finally, bond prices may be temporarily influenced by a spirit of speculation and by passing conditions of economic or political concern which may affect especially the future prospects and credit of a nation.

When an American-quoted foreign bond is payable in foreign money and a ratio of values between the two currencies is arbitrarily fixed different from the actual par of exchange—as the convenient valuation of the pound sterling at $5 versus $4.87, according to New York Stock Exchange usage—similar nominal prices in the two countries do not represent corresponding actual market values: thus, in the Japanese issues, a nominal American price quotation of 95 is equivalent to an English quotation about two and a half "points" higher; for, as the nominal quotation in each case represents a per cent. of the par value which, though actually $974 at the par of exchange for a £200 bond, is artificially raised to $1,000 American currency for the same bond by the $5 method of calculation, it follows that equivalent per cent. quotations do not represent equivalent values, but that the American price contains an overvaluation which must be reduced pro rata to get the corresponding English market value; given either quotation, the other is easily computed by the proportions 4.87 : 5 :: the American price : X—the English price, or 5 : 4.87 :: the English price : X—the American price.

These price differences, however, should be distinguished from those due to fluctuations of foreign exchange rates which produce temporary variations of *actual* value in the two markets and make possible so-called "arbitrage" transactions or concurrent purchases and sales of the same issue between the two countries.

SECURITY AND ENFORCIBILITY.

Nature of National and State Bonds and Their Consequent Negative Security.

National and state bonds differ essentially from those of private corporations as to the ground of their security, which is the basis of intrinsic value. As shown elsewhere[1], a corporate bond is commonly a

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1 See Bankers' Magazine for November, 1906.

mortgage obligation which carries an equitable priority of right to productive property, which may be converted into legal ownership by appropriate judicial procedure. But the former are in fact mere promissory notes without either a specific or general lien or even the legal enforcibility of an unsecured private obligation. This appears when the radical difference in nature of such public and private debtors is recognized. The first is a political sovereignty which, because of that character, cannot be sued by a subject of its own—much less of another—government, save under such terms as it may itself prescribe; while even in such event, the state itself as sovereign power would perforce determine the merit of its own case and be its own executioner. This *legal unenforcibility* of government bonds is their prime distinction.

Security of Political Enforcibility.

Evidently, then, security for national obligations must be sought in other directions. A possible but practically small element of safety may appear in what may be termed the foreign bonds' *political enforcibility.* Theoretically, a bondholder's remedy in case of a foreign government's default and breach of its financial contract is interference on his behalf by his government, which may assume his claim and make the obligation and its violation an international question. Recourse may then be had to *arbitration,* but the ultimate resort is obviously *war,* when the enforcibility of such bond becomes purely a question of government *policy.* As such, it is thinkable only as against a weak power; while even then it is more than probable that the cost of the remedy's application would be far greater than warranted by the probable results.

Specific Pledges or Charges.

Query here arises concerning the real security worth of *specific pledges* of certain special taxes or revenues ostensibly to "secure" repayment of some foreign government bond issue. If the specially pledged revenue be actually collected under the terms of the agreement and put in trust of the creditor's government by its official representative under its protection, practical doubt as to the substantial security afforded by such pledge may not exist. But where the pledge is within the debtor's control subject to misappropriation or actual confiscation and use for other purposes, especially in case of international hostilities or revolutionary change of government within a debtor nation, it is obvious that such unenforcible promise to apply some specific rather than general assets to the liquidation of a certain debt offers no additional safety to the creditor, whose recovery can again, in the last analysis, be had only through a resort to arms and from the same general assets of the government from which its other obligations must be satisfied. In this event, however, a small measure of advantage may attach to a bond backed by a special pledge, since the creditors' own government, should it be victorious, might regard the particular revenue in the light of a trust fund to be first applied to the satisfaction of the so-called "secured" bondholders after reimbursing itself for the expenses of the collection.

The chief service of the specific pledge—used and particularly useful in the case of financially weaker nations—is as a rough *index* of their accumulated debt and *check* on overexpansions of public credit, which—even with seemingly strong nations—when not impaired by some unfortuitous event, may be extended beyond the practical power of the people to repay or even to continue interest upon without more borrowing for that end.

Bondholder's Status In Case of a Change of Government.

A further inquiry pertinent in the light of some recent European events concerns the view of international law as to a bondholder's status in case of a revolution and change of government. It is an established principle that a government's obligations to foreign creditors survive a change of constitution or government, since such alteration is one of form rather than essence and identity of the government remains in the identity of its people on whom the obligation really rests: a principle illustrated in the sound policy of this nation as to its foreign debt after the Revolution. Hence, a government's obligation is not destroyed by its separation or consolidation, nor can it designedly relieve itself of liability by an intentional change of form. Only when the debt was incurred by a usurping and despotic government in its efforts to enthrall its people is it regarded as unobligatory.[2]

Security Based on Disposition and General Ability to Repay Debts.

Obviously, then, a government bondholder's security practically depends—*First* and most vitally on the *manifest disposition,* and *secondly* on the relative *ability* of the nation to repay its debts.

(1) *Disposition* depends largely, in the case of a poorer nation, on its degree of enlightened economic ambition and progressiveness and practical need to maintain good credit, since few countries develop without public borrowing often drawn to a greater or less extent from the outside; while, with a rich people, the disposition may rest rather on ready ability to pay and national pride. Indices of this disposition may appear in any attempt of a government to arbitrarily reduce the rate or convert its debt contrary to understood loan terms—as has been done—or especially in its manifest inclination to easily or even recklessly incur debts to a point apparently beyond its ability to repay or perhaps continue interest upon without additional loans, particularly when the proceeds are not plainly used to develop the country and increase its intelligence and wealth: thus, for various reasons and in different degree within the last half or even third of a century debts of many so-called civilized nations have persistently increased from fifty to several hundred per

2 See Woolsey on International Law.

cent., save in the United Kingdom and United States, where considerable reductions have been customarily made in successive periods of peace. Such disposition for easy enlargements of public debt is encouraged or favored by the general policy of refunding rather than repaying the same and by the lack of enforcible liens on tangible security to measurably limit indebtedness.

In fine, disposition is disclosed in the *general moral repute* of a country for financial good faith, which makes it a desirable or undesirable risk, and may vary, as with persons, from the unreliable promises of some countries to the moral certainty of an English consol or United States bond.

(2) *Ability,* present and prospective, because of the peculiar nature of national as distinct from private debtors, involves some other considerations than those of inherent financial strength: (*a*) Political *stability of government* and integrity and efficiency of its administrative functions: the characteristic compulsory nature of most public revenues as the means of debt repayment renders important a government's strength and effectiveness as needful to their successful and orderly collection; public revenue in any form of taxation depends on the existence of established authority and proper and reliable machinery to gather the same. (*b*) National *alliances and neighbors and political aggressiveness*—directly qualify the risks of international entanglements with their obvious normal effect on a country's resources and debt-paying ability. Incidentally, however, it may be here again noted that international law regards the obligations of a conquered and absorbed nation as necessarily assumed by the conqueror.

(*c*) *Financial ability*—simply considered is the resultant on one hand of the *extant burden* as shown by the relative amount of debt, the load of government activities which are not directly productive—as "militarism"—and the prevalent rate of taxation—direct or indirect—all of which indicate the extent to which a people has already utilized its financial powers, and on the other hand the country's *available economic resources* of different obvious kinds as ascertained in any case from public records, and which, in view of the incentive and wish among the most progressive and enlightened nations to maintain their financial credit in all events, constitute the chief considerations of security for investors in foreign government bonds.

III. STATE BONDS.

Importance, Amount and Features.

State bonds, regarded as investments, are of less practical importance than either national or municipal securities. At present approximately four-fifths of the commonwealths have altogether outstanding around a hundred different issues, for a limited number of public purposes, to the amount of about $223,000,000, out of a total indebtedness of over $234,-

000,000—exclusive of an aggregate sinking fund of more than $34,000,000 maintained by above half the states.

Naturally, to distribute by their gradual liquidation the burden of debt repayment, state issues—like numerous other public issues where refunding is not relied on—normally possess a provision for *sinking fund* accumulations: while in about eighteen distinct issues of half as many states provision is made for an *optional redemption* varying from five to thirty years prior to final maturity, which varies mostly from date (1907) to 1950.

Market and Quotations.

These securities are "unlisted" on the Stock Exchange, and their market is much more restricted than for Federal or municipal bonds, transactions being chiefly in a half dozen old and refunded issues of a few Southern States and at rare intervals, as the occasional quotations occur yet more often than actual sales and "bids" are seven or eight times more frequent than "askeds," which indicates relatively permanent holdings and few offerings of such bonds. Prices generally range between narrow limits.

Rate and Yield.

The nominal interest rate varies from three per cent. to six per cent.: in order of the number of issues, the relative position according to nominal percentages is three, four, 3½, six, five, 4½; Utah has an issue of 3¼ per cents., while District of Columbia bonds, authorized by Congress, bear 3.65 per cent., or 1-100 per cent. for each day—the old rate of early Government issues, for convenient reckoning.

Actual net yield is commonly less than the nominal, and ranges from around two and three-fourths per cent. to about four and a half per cent. In most cases, however, the net return lies between three per cent. and four per cent.

In this connection it is interesting to note to what extent, if any, the credit of certain States seems now affected by their former repudiation of State debts, so far as can be judged from the net return on their bonds without regard to the effect thereon of the distance of their maturity. Of the twelve defaulting States, nine now have outstanding issues at nominal rates of from three per cent. to six per cent.; in two States, where comparison is ready, the net yield on their bonds is lower than on municipal issues within the same commonwealth; while in three States the return ranges from about three per cent. to three and a half per cent., in each case being below the nominal and indicative of substantial credit.

Security.

As State, like national but unlike municipal, governments are sovereign powers according to the Federal Constitution, and their obligations, though commonly issued to acquire or construct tangible property, possess no lien, a bondholder's protection is again the *enlightened self-interest* of the commonwealth rather than enforcible legal rights. To circumvent the disadvantages which have arisen from abrogation in 1798 by the Eleventh Amendment to the United States Constitution of the previous constitutional right of the individual to sue the State, and to recoup the losses from resultant repudiations of State debt, attempts have been made to take avail of the permit in the Federal Constitution by which any State may sue another in the United States Supreme Court. To maintain such action, however, it is not enough that the plaintiff State act as agent for the bondholders, but it must be absolute owner of the obligations sued upon; which involves the gift, assignment or sale to a state of private holdings in order that any possible ultimate benefit may accrue to the personal owner of defaulted State bonds. *Arbitration* also has been advocated for this same end. Practically, however, for plain reasons chiefly of necessary financial or commercial policy—and perhaps also because of a keener moral sense—future State bond repudiation as a present risk of the investor is a dead issue; and State credit, as above indicated, compares favorably throughout the country with that of the best municipalities.

Assuming, then, as the ultimate basis of security and manifest condition of future credit, the present general *disposition* to pay State debts, and also that such obligations have been *legally authorized* and *duly executed,*[3] the complementary question concerns the community's *ability to pay,* which practically involves two simple considerations: (1) a State's *taxing power*—its prime source of income available to liquidate its debts, as any possible revenue from operation of productive enterprises—the source of private income—may be here generally ignored. This necessary governmental power is *absolute* and *unlimited* as to all persons and property within the jurisdiction, save as restrained by such expressed or implied constitutional restrictions as may exist. These are uniformly two, neither of which practically interferes with a State's ability to raise revenue: (*a*) without Federal consent, a Federal agency cannot be taxed by a State—which does not materially lessen its available sources of tax revenue; (*b*) wherever, due to their generally concurrent taxing power within the same territory, a national and State tax are levied on the same object, the former takes precedence and must be first satisfied—though the infrequency of direct Federal taxes practically reduces to zero the risk of this restraint on possible revenue.

(2) Finally, the great practical safeguard for a State's creditor lies in the *constitutional limitations on indebtedness* which exist in most commonwealths and fix the limits of State debt relatively so low that, not only is the incentive to repudiation removed, but no question of ability to repay can practically arise.

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3 See Municipal Bonds.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

A BANKRUPTCY LAW.

Bankers Interested in the Subject—Original Law Arose from Sufferings of Imprisoned Debtors—Continued for Various Reasons, Though Imprisonment Abolished—Effect of Discharge Clause—Great Abuses Developed—At Last Abolished.

IT should be stated at the outset that the insolvency *of banks* is dealt with in special clauses of the Canadian Banking Act.

In spite of the caution with which their business is conducted, and the securities they take, bankers and merchants sometimes find themselves confronted with that ugly spectre, the *bankruptcy* of their customers. This is especially the case in those difficult times, which, as all experience shows, are sure to recur when the commercial pendulum swings from prosperity to adversity. The insolvency of an important customer in a large centre may bring a number of other insolvencies in its train, so that a banker who has discounted a considerable amount of bills for a wholesale merchant who has failed may find himself, by that one failure, a creditor of a dozen or more bankrupt estates in addition.

The subject is one with which all bankers of long experience become unpleasantly familiar; dealing, as they do, with all sorts and conditions of debtors in all sorts of times. They can speak, therefore, with some measure of authority on the subject. For this reason, whenever Parliament has taken the matter seriously in hand, and an important bankruptcy law has been submitted to it, bankers, as well as merchants, have been invited to state their views to the special committee in charge of the subject.

There are many causes for insolvency; some of them involving more or less of culpability on the part of the insolvent. Such, for example, as entering on business without experience or sufficient capital; carelessness in carrying on business; neglecting to insure; neglecting to keep books; foolishness in giving credit; idleness; neglect of business for politics or pleasure; extravagance; speculation in outside matters, becoming guarantee for others, and so on.

Nine out of ten of the insolvencies that occur are traceable to one or the other of the above causes; and clearly put upon a creditor the responsibility of enquiry as to the cause, whenever an insolvent debtor seeks to be released without paying his debts in full.

If a trader becomes unable to meet his obligations there is nothing in either law or custom to prevent him approaching one or more of his

* Continued from May number, page 723.

creditors, and asking them either for simple delay, for a formal extension, or for a release on terms submitted. No law is needed to enable the application to be made and dealt with. The matter is purely one for private negotiations; with this condition, however, that no engagement with one creditor will bind any other. Nor will an agreement of a majority of creditors, in meeting assembled, bind any of the rest, unless under the provisions of an Act of Parliament. And here we touch the fringe of that complicated and difficult subject of a *Bankruptcy Law,* which has so often baffled the wisdom of legislatures to settle on equitable terms.

It is well known that Canada as a whole, after having experienced the working of more than one general Insolvency Law during a course of years, finally allowed the last of them to lapse, and has never enacted another. But as there are some undoubted disadvantages in this lack of a general law, it is desirable, in a work like this, to consider the general principles on which such a law should rest, in case it occupies the attention of Parliament again; and while doing so, to consider how far certain laws of the several provinces fulfill the requirements of the case.

In order to deal with this matter it will be needful to "begin at the beginning," and consider the relations of debtor and creditor as they are affected by the ordinary operation of law.

Remedies Against Debtors.

When a debtor neglects or refuses to satisfy his creditor, the latter can invoke the power of the law to compel him to fulfill his contract. Every debt is the result of a contract. It is *prima facie* the province of law to enforce the fulfillment of contracts; hence a creditor can call his debtor before a court, state his claim, prove it by evidence if he can, and ask for judgment. The debtor can also plead; but unless he can prove that the claim is unjust, either as to time, or amount, or in some other way, judgment will be given against him. It is needful to note that the powers of a court extend simply to the determination of the amount due, the time when due, and to the enforcing of payment. An ordinary court can neither grant time, nor abatement, nor release.

Following upon judgment, is the seizure of the debtor's property by an officer of law, its sale, and the payment over of proceeds to the creditor. If the proceeds are sufficient and the debt paid, there is an end of the matter. The law has fulfilled its object, and the creditor is satisfied. But if the officer of law cannot find any property of the debtor, or if such property does not realize enough to pay the debt, what then?

As the law now generally exists, and has done for some time past, it can do nothing more.

But under the old administration of law not only could the debtor's *property* be seized, *but his person.* The operation of law was, until a recent period, exactly as it was 1,800 years ago, as described in a graphic passage in the Sermon on the Mount. Counsel is there given to a debtor as follows, *Agree with thine adversary quickly, whilst thou art in the way with him; lest at any time the adversary deliver thee to the Judge, and the Judge deliver thee to the officer, and thou be cast into prison. Verily, I say unto thee thou shalt by no means come out thence until thou hast paid the utmost farthing.* This has a wonderfully modern sound, for it exactly describes what would have taken place in England nearly up to the middle of the nineteenth century. The debtor could be put in prison, not, as in criminal matters, for a week, a month, or a year, but until the debt was paid.

The difference between the criminal law and that respecting debtors was remarkable enough. The criminal, at the expiration of his term, was a free man and discharged of all obligation. His imprisonment constituted a sort of claim to discharge; but with the debtor, imprisonment operated in no degree towards his discharge. Unless the creditor consented, in prison he must remain for the whole of his natural life. Numerous cases of this kind did actually occur. The term "*rot in prison*" has become incorporated into our language, and expresses exactly what occurred in many cases under the ordinary law.

English literature tells only too truly the stories of suffering endured by insolvent debtors in London prisons; for one singular feature of this matter is, that while the Government was obliged to support *thieves* and *burglars* while in prison, no support whatever was provided for the imprisoned *debtor*.

Origin of Insolvency Laws.

It was under these circumstances that the first movement for an insolvency law began. The object was primarily *the release of imprisoned debtors;* and the title of early acts of Parliament on the subject was "An act *for the relief* of insolvent debtors; the relief being, not to provide them with necessary food and comfort, but to give them a discharge from prison and from their debts.

Such a law, of course, would only be needed to compel unwilling creditors to be satisfied with what the ordinary course of law had failed to give them. Thus, in its very inception, an insolvency act contradicts and traverses the ordinary operation of law. The law is to give effect to contracts, but the effect of an insolvency law is to break them.

But the cases of hardship, and even of cruelty, were so undeniable that the force of public opinion became strong enough at length to insist upon a way of legal relief being opened.

It was in these circumstances that the first act for the Relief of Insolvent Debtors was passed. That act provided for the constitution of a special court, whose functions were to be the exact opposite of an ordinary one. The ordinary court was for the administration of justice; this was for the administration of *mercy*. And to it the unfortunate and impecunious (but presumably honest) debtor was allowed to appeal and plead for his release from prison. His creditors, as a matter of course, were allowed to appear also, and to show cause to the contrary, if they were able.

If the creditor could prove that his debtor was keeping back money or effects, or that there was an element of fraud in his conduct, or that his statements had been characterized by lying or deceit, the court had little mercy to show him. It was not for such as he that the court was created. On the other hand, if the debtor could prove that he had done what he could, or that he had no friends upon whom he could call for relief, that there was no fraud or misrepresentation in his dealings, and particularly that he was suffering in body and mind by continued imprisonment, the court would, in many cases, open the prison doors and allow him to go out free.

But if any of the jolly fellows of the "Jingle" or "Smangle" sort had the impudence to apply to the court, they would be laughed out of it and sent back to confinement. In prison they deserved to be; and in prison they must remain.

Such was the general idea embodied in the first insolvency legislation. It was for the administration of mercy.

It was a matter of course that a class of attorneys would devote themselves to cases of this kind, and be known as men *who could get debtors out* by passing them through "the court." The ways of this class and the incidents arising out of their profession are accurately and humorously dealt with in the pages of many of our novelists. In course of time a class of houses of temporary detention arose, called "sponging-houses," where a debtor under arrest was allowed to remain, under strict confinement for a few days, to give him opportunity of effecting a compromise with his detaining creditor, or calling upon his friends to help him with money.

It cannot be too emphatically noted that the whole *raison d'etre* of the law for the discharge of debtors against the will of their creditors, was this very power of *imprisonment*. But for that it is very doubtful if such a law would ever have been enacted.

Thus, when imprisonment for debt was abolished, it might naturally be supposed that insolvency laws would be abolished with it.

But in the complicated circumstances under which credit is given in modern trading and banking, it was still deemed desirable to retain some other mode of settling affairs between debtor and creditor than the ordinary process of law afforded. The dominant idea of this, however, had reference to a class of evils that scarcely existed in former days.

For example, it was sometimes the case that a debtor who had many creditors would treat some of them unfairly; giving a preference to one or more when he knew himself to be insolvent, or paying one in full, and leaving the rest to scramble for the balance of his estate The ordinary machinery of law might itself be abused to this end; for on becoming embarrassed, and several creditors suing a debtor, he could defend one action, and allow judgment to be entered for another. For this the law afforded no redress.

In other cases, a trader, knowing himself to be unable to pay his debts in full, might go on trading at a loss, wasting more and more of his estate (or perhaps secreting money), until it was wasted entirely away; leaving nothing for his creditors to realize upon. Here, again, the law afforded no means of redress. All that any creditor could do was to refuse to sell the party more goods, and to sue for balance due.

But the process of ordinary suits affords so many opportunities of delay, that a whole estate might be wasted during the progress of one of them.

On the other hand, a creditor might under some circumstances obtain what is known as a "snap" judgment against a debtor, who would be compelled to submit to the sale of his goods at a sacrifice by one creditor, leaving him indebted to many more, while the means of payment had been taken away.

For these and for other reasons, there arose a desire on the part of creditors for the enactment of a law which would prevent these evils, and ensure, first, an equitable division of an insolvent estate; second, the power of stopping an insolvent debtor from wasting his estate: third, the prevention of unjust preferences; fourth, the punishment of fraudulent debtors.

These were the primary objects thought of when the subject of insolvency legislation was broached as applied to debtors who were personally free. But though no act could now properly be styled "An act for the *relief* of Insolvent Debtors;" that is, by releasing them from prison, no sooner was insolvency legislation broached, mainly in the interest of creditors, than pleas began to be put in on behalf of the debtor. There were, it was alleged, other forms of relief that were needful.

Thus, it was urged, why should a man not be relieved from the burden of his debts when he had become unable to pay them and surrendered his assets? What equity was there in taking forcible possession of a trader's effects and dividing them amongst his creditors, unless he were discharged from his debts? And why should a man be forcibly prevented from carrying on his business, when the ordinary courts had not been appealed to for redress?

These and other pleas for the debtor were put forth for consideration whenever it was proposed to protect the creditor by a bankruptcy law. Indeed, it was held by some that an insolvency law was no insolvency law at all if it did not provide on some terms for an insolvent's *discharge.* They argued that the very groundwork of such legislation was to *relieve the insolvent,* not to assist the creditor. The creditor is sufficiently protected, it was argued, by his power to get judgment and seize his debtor's goods; why, then, consider him alone in the matter? To which the obvious reply was, that former acts for the relief of the insolvent debtor had relation to different circumstances. It was to prevent cruelty and oppression, and had always been preceded by the obtaining an ordinary judgment at law, and the declaration that the debtor had no seizable goods. But to discharge a debtor against the will of his creditors, or any of them, and while he was perfectly at liberty, personally, was contrary to the first principles of justice. Even to enable his property to be seized and divided amongst his creditors was no valid ground for claiming a discharge; for his property, if he was insolvent, really belonged to his creditors in any case.

It was further argued, that the reasonable course for a debtor to pursue when he could not pay his debts, was to approach his creditors singly, or call a meeting of them, and offer to pay what he could, and ask for a discharge. They would be acquainted with his affairs and with himself, from having done business with him, and might be trusted to act reasonably according to circumstances. And the necessity for obtaining the consent of each of his creditors would be an effectual check upon that scheming to effect an unjust settlement which was so great a temptation when discharge could be granted without that consent.

Principles of Insolvency Legislation.

Such were the arguments, *pro* and *con*, that arose at the outset of any proposal for insolvency legislation.

Yet there was much on which all parties were agreed. Thus, all were agreed that a law should be passed to prevent or nullify preferences; and all were agreed to what necessarily followed, viz., that if a person were really insolvent and his effects were divided amongst his creditors, they should be divided *pro rata*.

But there was division of opinion as to the advisability of stopping a person who was carrying on his business when a suspicion arose that he was wasting his estate; also as to whether the law should undertake to discharge a debtor at all if any of his creditors objected. If the principle of a discharge were agreed to, there was great diversity of opinion as to its terms, one class of legislators leaning towards the debtor, and desiring his "relief;" the other contending for the claims of the creditor, and that strict justice should be the object aimed at.

Another point of division was as to creditors holding security. The questions as to this were found to be numerous and of an intricate character; secured creditors naturally pressing their claims for what they considered to be equitable, against the views of others who were disinclined to give secured creditors any consideration.

The most difficult question under this head arose in connection with bankers who were claiming on the estate of a wholesale merchant, for whom they had discounted the bills of numerous customers. So long as the merchant was solvent, the bank had no correspondence with his customers. But the moment he went into insolvency it became necessary to deal directly with the parties to this discounted paper. There might be fifty of them; there might be one or two hundred; and those living in all parts of the Dominion or elsewhere. As a rule, many of them would be dependent upon the principal house, and some of these would go into insolvency also. Then the bank would find itself a creditor of many subsidiary insolvent estates; while a certain proportion of the rest would be embarrassed by the demand of payments at maturity, and request time, possibly also offering security by way of second mortgage or endorsement. With such an extraordinary mass of complications arising out of the failure of a single wholesale house, the winding up of its affairs would sometimes occupy years; and what would be the banker's final claim upon the bankrupt estate of his customer, it would be impossible to say. Under the common law bankers had a right to claim upon every single bankrupt estate for the full amount of its discounted paper, and to collect from it all that was possible, claiming upon one estate after another, until the entire mass of paper was paid in full. And if it was claimed that in all equity a bank should value its securities and claim for the balance, the bank could point out that while it was comparatively easy to value a single mortgage or even a single endorsement, it would be practically impossible to value security consisting of claims upon numbers of other people, some of them already insolvent, and some who might possibly become so.

The whole subject of insolvency bristles with difficulties; but notwithstanding this, more than one strong Government in Canada, and also in England and the United States, has taken up the subject and carried through bankruptcy bills. But the last of such bills in Canada came to an end about fifteen years ago, and although strenuous endeavors have been made to carry others through Parliament, no Government has had the courage to take the matter up and carry a bill through as a Government measure.

For this inactivity various reasons have been assigned. The most important of these was the undoubted fact that in actual operation the former bill came to be looked on, practically, as a bill *for the promotion of insolvency*. A class of men was developed in connection with it, as under other insolvent acts, who made a special business of assisting embarrassed debtors to obtain a discharge. That there is a legitimate field for accountants and commercial lawyers in connection with insolvent estates, there can be no manner of doubt, whether under an insolvent law or without it. But under the last act abuses crept in, and it came to be generally known, that by such and such intervention, debtors could obtain a discharge, with the least trouble, the least expense, in the shortest time, and without interruption to their business. Above all, the prospect was held out that after a discharge was obtained the debtor would have a substantial capital left, and be enabled to carry on his business in comfort and security. In the opinion of many observers, the root of the mischief was in the fact that a discharge could be obtained under the act if a debtor's estate yielded only fifty cents in the dollar. The operation of this clause, it was said, was to fix a standard. The law of the land under it recognized that fifty cents in the dollar was a reasonable amount for a debtor to pay. If he offered that, he might be recognised as an honorable man. If a creditor was not satisfied, and demurred or opposed a discharge, the law could override his opinion, and compel acquiescence, unless, indeed, actual fraud was proved.

An anomalous condition indeed for the law to create; and it is well to note how it came about; also how it came to be so generally abused.

When this discharge clause was under consideration by a parliamentary committee, and it was contended that fifty cents was too little, the reply was, that there were so many expenses connected with insolvency, and so serious a depreciation when goods and property were sold by an assignee, that fifty cents in the dollar was a fair residuum, and proved the failure to be honest. The argument was plausible, and the fifty cents clause was adopted. But it was also provided that if the debtor, after surrendering his estate (which he could do without stopping his business) succeeded in inducing a certain portion of his creditors in number and amount to consent to a compromise and accept fifty cents, a discharge could be obtained in spite of the opposition of the rest.

Abuses Arising Under the Law.

Here it was that the root of the ensuing mischief lay. For the idea speedily began to prevail that there was no dishonor or discredit to a man who had failed, if he had only paid fifty cents in the dollar. And this was specially the case when difficult times supervened, and bad debts rose above the average. Under these circumstances many traders who were in temporary straits, but were perfectly solvent, began to see an easy way out of their difficulties, not by making an assignment and allowing their stock to be sold and their accounts collected by an assignee, but by the much easier and economical process of offering a *composition* of fifty cents or more, under the act. Thus, a large expense would be saved, and the business could go on in the meantime. The assignee or accountant would receive his commission, and act as the insolvent's friend in persuading the requisite number and amount of creditors to consent.

It was not difficult in ordinary cases for this to be secured, for the alternative was that a large additional expense would be incurred, much time lost, and goods slaughtered, with the doubt whether some portion of the estate could not be concealed, and as a final result a smaller dividend than fifty cents declared.

The result generally was, that the insolvent who had got his stock into his hands by paying fifty cents in the dollar for it, was able to undersell his neighbors who had hitherto paid their debts in full. A further result then followed, viz., that some of his neighbors, whose trade was interfered with, began to think of passing through the same process themselves. This they not seldom did, for money was to be made by it; moreover, less and less discredit came to be attached to it, until in time the idea of discredit had almost passed away.

Thus, the virus of mischief spread until the trading community was honeycombed with it; and a wholesale merchant could never be sure which of his customers would approach him next with an offer of compromise.

What an opportunity this condition of things afforded to the debtor whose sense of honor was not of the strongest, it is needless to point out. Suffice to say, that between the weak-kneed debtor who was temporarily embarrassed, but could and would have paid his debts but for inducements to compromise, and the fraudulent debtor who laid himself out deliberately to feign embarrassment and plunder his creditors, the mercantile community became so disgusted with the operation of the act that a universal sense of relief was felt when it was abolished.

Difficulties in Framing a Bankruptcy Law.

It has been stated that it is extremely difficult to frame an equitable and serviceable bankruptcy law. The difficulties may be stated as follows:

First, to avoid making bankruptcy so easy as to tempt unscrupulous men to embrace it who are able to pay their debts. For this reason it is that the discharge clause is the one which, more than all the rest, requires consideration.

Second, to avoid making the administration of a bankrupt estate so expensive as to damage both the debtor and his creditors.

Third, to deal with the question of the security given to a creditor previous to bankruptcy so as to avoid doing injustice on the one hand to the general body of creditors, or on the other to the secured creditor himself. In this case the difficult question is whether the consideration given for the security was equitable and reasonable.

Fourth, the mode of adjusting the *ranking* of creditors holding security requires special care and some technical knowledge.

Fifth, it is found difficult in practice to frame a bankruptcy law which has not the effect of creating a class of persons whose interest is to promote insolvency, and suggest it.

Sixth, it is also difficult to frame penalty clauses which will not bear too severely on those who have done wrong through carelessness or inadvertence, and not severely enough upon traders who have knowingly and deliberately been guilty of actual fraud.

The great objects to be obtained by a bankruptcy law have been treated in the foregoing pages, but may be briefly summarized in this, viz.:

(1) To prevent preferences being given to one or more creditors at the expense of the rest.

(2) To prevent debtors wasting or making away with their estate when getting into difficulties, and apparently becoming unable to pay their debts. Here a distinction should be made between being unable to meet engagements *as they become due*, and inability to pay debts in full at all. It was a great error in some former proposed bankruptcy acts in Canada to declare that a man was insolvent if he could not pay his debts *as they became due*.

(3) To insure equitable and economical distribution of bankrupts' estates; and

(4) To enable discharge of competent and worthy debtors to be had on such terms as will not on the one hand encourage idleness, extravagance, and bad business conduct on the part of the debtor; and, on the other hand, will prevent harshness and cruelty on the part of one, or a small number of creditors. A discharge clause should be so framed also

as not to make it an object for a trader to fail and make money out of his failure.

If a bankruptcy law is ever submitted to a Legislature in Canada, its members will, of course, consider the former laws on the subject, their excellencies and defects, and why they were suffered to come to an end; and also the bankruptcy laws of other commercial countries, and particularly of Great Britain and the United States, ascertaining whether such have worked satisfactorily, and are accomplishing the end aimed at.

It would be well also to consider whether a bankrupt law of limited scope might not be desirable; such, for example, as one that would prevent preferences, punish fraud, stop waste, make equitable distribution, but not give a discharge; leaving that for settlement between the debtor and his creditors.

It might be worthy of consideration also whether a bankruptcy law might not be passed with a limitation of time, an idea that has commended itself to various legislators.

Summary of the American Bankruptcy Law.

This law is a general one for the whole Union. It is comprehensive, and fairly covers all the points to be considered. It is precise in regard to matters which were not clearly dealt with in former Canadian laws. It emphasizes in some of its clauses the important distinction between *voluntary* and *involuntary* bankruptcy.

But the distinction is not sufficiently preserved throughout the act, as will be apparent to any one who carefully reads it.

Amongst the numerous provisions of this act, the following are the most noticeable:

(1) The *ordinary courts* are given jurisdiction in cases of bankruptcy, and no special court for dealing with them is created by the act.

(2) The words bankrupt and bankruptcy are used throughout, and not insolvent and insolvency. There are good reasons for this.

(3) Farmers and wage-earners cannot be made involuntary bankrupts; though they may be embraced within the provisions of the law, if they are willing so to be.

(4) A bankrupt may offer a composition only after a meeting of creditors, or examination in open court.

(5) A discharge may be agreed to, if accepted by a simple majority of his creditors, both in number and amount. No maximum is named of either as necessary; and no minimum of the amount to be paid or realized. But no discharge can be confirmed unless the amount of the composition and all preferred claims and charges shall have been *actually paid in*. This is an important point, and differs from what has hitherto prevailed in Canada.

(6) The judge is required to confirm a discharge, if satisfied, (1) that it is for the best interest of the creditors; (2) that no fraud has been committed, or duty owing to them neglected; (3) that the offer and its

acceptance have been made in good faith, and not procured by improper means.

(7) But a composition may be set aside upon application of interested parties within six months, if it can be made apparent that fraud was used in the procuring of it, and that certain knowledge has come to the petitioners after the confirmation of the discharge.

(8) If a person who has been proceeded against in bankruptcy denies that he is insolvent, he is entitled to have a *trial by jury* as to whether he is so or not. This is a provision we have never had in Canadian law. Its wisdom is questionable, considering how trials by jury in civil cases often work.

(9) The question of preferences and securities is fully and equitably dealt with.

Amongst other clauses relating thereto are the following:

(*a*) The claims of creditors who have received preferences shall not be allowed unless such creditors shall surrender their preferences.

(*b*) If a creditor has received preference within four months of bankruptcy, and had reason to believe that it was *intended* as a preference, it shall be voidable, and the amount may be recovered. But if a creditor has been preferred, and afterwards in good faith gives the debtor further credit, this new credit may be set off against the amount recoverable.

(*c*) Secured creditors can only claim after deducing what the *court* may consider the value of their security.

Clauses follow as to the mode in which the value of such security is to be determined.

(10) The administration of estates is to be by officials of two classes; namely, *trustees* and *referees*.

These correspond somewhat to the liquidators and inspectors under former Canadian acts; but they apear to constitute in both cases an official class who give security to the court before entering upon their duties. These duties are minutely set forth in the act. But there is a singular want of preciseness in the directions *how* an estate is to be realized.

The general underlying principle seems to be that the trustees shall have the actual *handling* of the property constituting the estate; while the referees are an advisory and directing body, for the purpose of being a check upon the actions of trustees. It is made the duty of the referee to declare dividends, and to deliver the dividend sheets to trustees; also to examine all the schedules of the property of bankrupts together with lists of creditors.

(11) The compensation to the various classes of officers is precisely defined. Economy is evidently aimed at.

(12) The first dividend is to be declared within thirty days if the net money on hand amounts to *five per cent.* of the allowed claims. Subsequent dividends shall be declared upon like terms, and as often as the

amount shall equal *ten per cent.* But they may be declared oftener, and in smaller proportions, if the judge shall so order.

(13) Offences are very carefully set out, and apply to the officials and collusive creditors as well as to bankrupts themselves.

Altogether the act is one which evidences much care and thought in its compilation, and is well worthy of study if the government of Canada at any time should attempt to pass a general law upon the subject.

Its principal defect, and a very serious one it is, lies in the facilities it affords for a debtor obtaining an easy discharge.

When such a discharge can be granted on the consent of a bare majority in number and amount of creditors, and without any limitation as to the amount of the composition or dividends declared, the door is open to serious abuse, especially as it is provided that a discharge may be confirmed by the fiat of a single judge.

The act is also somewhat defective in not maintaining throughout all its clauses the necessary distinction of procedure and administration in the case of voluntary and involuntary bankrupts.

This act is stated by men of experience to work well on the whole, though it is not economical in its operation.

The following general suggestions on the subject are the result of experience and may be found worthy of consideration.

(1) If legislation is attempted, it will be well to consider *from whom the pressure for it* originates; what class in the community is calling for it; what class is suffering by reason of the want of it. Is it the debtor class; or is it the creditor class? And what has each of them to say on the subject? A settlement of such questions will determine much of the general character of the bill.

Besides this, it should be considered, as preparation proceeds, what dangers may arise from any unwise and incautious provisions of the act; and what were the reasons for former legislation having been abrogated?

(2) The general framework of a Bankrupt Law might be on the following lines:

I.—The words should be *bankrupt* and *bankruptcy,* and not *insolvent* and *insolvency.*

II.—A clear distinction should be made throughout between the proceedings in the case of voluntary assignments and compositions by honest debtors; and the forcible measures necessary in dealing with a debtor who is wasting his estate, giving preferences, secreting his effects, or committing frauds, singly or in collusion.

III.—The procedure throughout should always keep in view one or other of the objects aimed at; that is, either to afford facilities for a competent and honest debtor to continue in business after dealing equitably with his creditors; in which case he might retain practical possession of his estate, or that the law should aim at forcibly depriving a dishonest and incompetent person of his estate; realizing it economically, distributing it equitably, and closing out the business altogether.

IV.—Administration in bankruptcy should be by the ordinary courts; but provision to be made for special sittings at definite times for dealing with such cases.

V.—A class of officials to deal with bankruptcy cases should not be created by law.

VI.—Liquidators, in all cases, should give satisfactory security. Their remuneration should be strictly defined, and power given to the court to deal with collusive or unreasonable charges.

VII.—If a composition contains preference clauses, it should, *ipso facto*, be thrown out, and the attempt dealt with as a species of fraud.

VIII.—Securities should be accurately defined; and procedure with respect to them set out with clearness and precision, yet without harassing unreasonably those who have an equitable claim to them. On the other hand, it should compel surrender of such as have been acquired improperly.

IX.—Discharge should in no case be granted unless concurred in by at least a majority of three-fourths in number and amount of creditors, and a net result of seventy-five per cent. to the creditors has been realized.

X.—Penalties to be precise, applicable to definite acts of wrongdoing, and severe enough to be deterrent.

In considering the question of discharge, too much weight should not be given to the plea that if a man cannot get a release from his debts, the community will lose the benefit of such services as he might render to it as a trader. For the very fact of the debtor's failure proves that hitherto he has not rendered the service to the community that is desirable. And experience proves that the best service that many men can render is as employes of others, and not as traders on their own account. There is no object, therefore, to be gained by granting a discharge that may be disapproved by a number of creditors in order that the debtor may be able to contract new obligations.

XI.—The full amount of the composition should be paid in or secured before discharge; or, as an alternative, the business of the bankrupt should be carried on under a controlling inspection, until the amount is fully realized.

An act framed in accordance with these suggestions would be found serviceable alike to the reasonable creditor and the dishonest debtor, and would be free from the drawbacks and disadvantages which led to the repeal of former laws on the subject. G. H.,

Former Gen. Mgr. Merchants' Bank of Canada.

INDEX FOR CURRENT VOLUME OF THE MAGAZINE.

AN index will be prepared shortly for the current volume of The Bankers' Magazine (January to June, 1907), and will be sent free, on request, to any subscriber who desires to have these numbers bound.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

METHODS OF INCREASING THE BUSINESS OF A TRUST COMPANY.

BY CLAY HERRICK.

CONTRARY to the conditions a few years ago, a consideration of methods of increasing the business of a bank or of a trust company at once suggests the subject of advertising. The dignity of the profession no longer forbids advertising, although success in such advertising still demands dignity.

The successful trust companies of to-day advertise. Their advertisements are not the formal and unattractive cards of former years, nor are they of the cheap and flaring style of the circus poster. Advertising, in the ordinary signification of the word, is of course not the only means used by progressive companies for increasing their business, but it is now firmly established as one of the important means. The change in attitude regarding the expediency of trust company or bank advertising has come in part through the necessity imposed by keen competition, in part through a more intelligent consideration of the ethics of the bank advertising question. It has come, too, as part of a general progress in the art of advertising. Without question the people read advertisements far more than formerly. Partly as a cause and partly as a result of this, present day advertisements are more readable. The importance of the advertising column or page has increased, and its quality has improved.

Reasons Why a Trust Company Should Advertise.

The reasons for advertising on the part of a trust company are more numerous and more forceful than those for advertisements on the part of a bank. Aside from the fact that competition makes it, in most localities, fairly a necessity if the company wishes to grow, there are the facts that the trust company has a much wider scope and more features to advertise than has the bank, and that the trust company is still a new institution, whose functions are little understood by the people at large. Comparatively few, indeed, understand exactly what a bank can do for its customers; and fewer still what services a trust company can render.

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

In the education of the public as to the extent and the variety of the trust company's functions, there is virgin soil for cultivation by the advertiser.

There is also a fruitful field for the advertising trust company in the seeking of deposits from people who have never had bank accounts. Nearly everybody has at least a little money, but less than a majority of the people have money on deposit.

It follows that some of the advertising of the trust company must be of the "educational" kind; i. e., must be devoted to explaining what a trust company is, and how it can be used, and to inculcating habits of saving and thrift among the people. The results of such advertising will help the business of other companies as well as that of the advertiser. Short-sighted, however, would be a policy of refraining entirely from such publicity because of this fact. In the end its effect upon the business of the advertiser, as well as upon the business in general, must be beneficial. The recently formed "Banking Publicity Association" is doing a good work in seeking to distribute the burden of this educational advertising.

The economic effects of this form of publicity by banks and trust companies are of more than passing interest. The principles of economy, thrift, self-denial, abstinence from extravagance are instilled into the minds of the people. In this respect, financial institutions are doing for the present generation what Benjamin Franklin did for his. The evil effects of get-rich-quick and other fake schemes are in part counteracted. Money hidden away in the traditional stocking is brought into circulation and use, thereby increasing the available capital of the general public. The field for robbery and exploitation is narrowed.

Direct or Individual Advertising.

General writers on the subject of advertising divide it into two classes —general advertising and direct advertising. The former is designed to create a demand for the product; the latter, to make sales direct from the advertiser to the consumer. In financial publicity the corresponding classes are educational and individual advertising. Both are intended to increase the business of the advertiser, but it is evident that the latter will, under favorable conditions, produce this result the more directly. However, it is an art which requires skill and tact. Its expediency is no longer questioned by the majority of bank and trust company officials; yet it is a kind of advertising which must be conducted along lines somewhat more conservative than are proper for other kinds of business. It need not and should not be unattractive and lifeless; but it must not be in any way cheap or sensational. In the minds of some of the people there doubtless lingers some question regarding the propriety of a bank advertising for business. A too strenuous bid for deposits may easily suggest that the company is badly in need of funds, and so tear down rather than build up the business. Above all, trust company advertising must be thoroughly honest and straightforward.

Management of Advertising.

The larger companies maintain an advertising department, in charge of a man specially qualified for the work, and with a corps of stenographers or other assistants. The man in charge is given various titles by different companies—Advertising Manager, Manager of Publicity, Advertising Agent. He should have not only natural qualifications for the work, but also a special training; for advertising is a science the mastery of whose principles and details requires careful study. The advertising manager must understand human nature, possess common sense, be a master of good plain English and have the knack of stating things in clear, concise, attractive and convincing manner. A practical training in bank or trust company work is desirable, and in any event he must thoroughly understand the essential points of the trust company business. He should have a working knowledge of the printer's art, know something of type faces and sizes, of engraving processes, of electrotyping, of qualities and prices of papers, understand the principles of display, know how to read and correct proof, and be familiar with mediums of advertising.

Sometimes the advertising manager acts also as Auditor or as Purchasing Agent. Frequently in smaller companies one of the regular officers is detailed for this work as a part of his duties. In any case, the work should be in charge of one man who makes it his business to attend tc it. If left to be looked after by any one of the officers who may happen to think of it, as is the practice in some companies, the inevitable result is advertising of a spasmodic and ineffective kind.

In small companies, having but one active officer, the advertising will of course be one of the many duties of that officer, but a duty which he must attend to systematically if his institution is to grow.

The records and memoranda kept by this department have already been enumerated.† The preparation of mailing lists is a laborious and important part of the work, and should be handled with great care to select the names judiciously and to have names and addresses correct. The sources from which the lists may be compiled include lists of members of clubs, societies, organizations, churches, women's clubs, mercantile agency registers, city and telephone directories, voters' lists, lists of teachers, policemen, firemen, attorneys, business houses, permanent residents of hotels and apartment houses, postoffice and rural free delivery lists when obtainable, acquaintances of directors, officers and employes, persons who answer advertisements. One company when starting business in New York city employed men to go through the city directory and compile selected lists of names. The lists are kept on cards as explained in connection with Figure 229.‡ Other forms of cards giving the same information may be used. Different classes may be indicated by various colored cards instead of by the tabs shown in Figure 229.

† The Bankers Magazine, January, 1907, pp. 50, 51. ‡ Ib.

Planning an Advertising Campaign.

The best results are obtained by carefully planning in advance the main features of the advertising campaign for the year. A definite sum should be available for the purpose, but should not be exhausted by the plans made at the start—a sufficient amount being left for emergencies. Too much must not be expected in the way of immediate results; and, indeed, although effort should be made to form an estimate of the amount of business that comes through the advertising, it must be recognized that it is utterly impossible to weigh such results with exactness.

The plans should provide for advertising that is continuous and persistent, remembering that it is *constant* dropping that wears away stone, and persistent advertising that brings business. Little result is to be expected from spasmodic and irregular advertising; it lacks in force and in cumulative effect. Continuous and systematic publicity stamps upon the minds of the public the name of the company and the inducements which it offers. The man who sees the advertisement of a given trust company daily comes to feel that he is acquainted with it and knows its strength and facilities. Another thing that argues for having advertisements always before the public is the fact that people are earning money every day, and either saving or spending it.

There is an advantage in adopting a suitable emblem, analogous to a trademark, to appear in all the company's advertising, including newspaper and magazine advertisements, circulars and stationery. Such emblems are in use, with marked success, by a number of prominent banks and trust companies. The emblem may be a neat picture of the company's building, a distinctive style of type, a simple design suggesting the name or location of the company; or it may be an attractive design selected arbitrarily. Its use tends to give individuality to the advertising and to familiarize readers with the advertiser's name and business.

It should be a part of the plan to use only good qualities in everything —paper, printing, illustrations, etc. A circular well printed on good paper costs no more for postage if sent by mail than a cheap circular; while its possibilities for good are immeasurably greater. The public instinctively associates cheap advertising with second-rate concerns.

Mediums of Advertising.

An important part of the plan of campaign is the selection of mediums. Nothing illustrates more forcefully the change that has taken place in the matter of financial advertising than the number of different mediums, good and bad, which are to-day used for advertising banks and trust companies. Among them are:

Newspapers, daily and weekly.
Magazines and illustrated weeklies.
Financial periodicals.
Circulars, booklets, statements, cards, monthly papers.
Pay-roll envelopes.

Personal and form letters.
Cards in street-cars and suburban cars.
Window exhibits.
Signs, electric and other, on the building.
Bill-boards and other forms of out-door advertisements.
Calendars, blotters, wallets and other novelties and souvenirs.

Newspapers.

Experts in financial advertising seem practically agreed that for local business the daily newspaper (or the weekly newspaper in small towns having no daily) is the best single medium of advertising, because it reaches more people at a less cost per capita than any other medium, and because it is the place that people expect to find the advertisements of all live concerns. They are also agreed that newspaper advertisements must be supplemented by circulars and booklets. As to the proper proportions of the two mediums opinion is not so unanimous, and the question is largely affected by local conditions.

In cities where there are several daily papers, it is important to select the right ones. The important considerations are, a wide circulation and the reaching of the class or classes of people from whom business is desired. Frequently it is wise to use all of the local papers. As between morning and evening papers, the latter have the advantage of being more apt to be taken home and to be read by all members of the family. Ofttimes it is useful to advertise in papers published in German or other foreign language, being careful to have the advertisement written in the same language as the reading matter of the paper.

The frequency of the advertisements in each paper will depend largely upon the number of papers used. A common practice is to have the advertisement appear two or three times a week in each paper. The space used is generally two, three or four inches, although much larger spaces are occasionally employed.

Circulars and Booklets.

Circulars and descriptive booklets are being issued in great profusion by trust companies all over the country. Their usefulness is unquestioned, but its degree depends upon several things, among them being the familiarity which the people have with such literature. It is evident, for instance, that a given booklet will attract more attention in communities where such things are novelties than it will where every trust company has been issuing them for years. In the latter case, the law of the survival of the fittest is more in evidence.

It is customary to have one booklet treating briefly of all the departments of the company, and one booklet on each of the departments—banking, savings, trust, safe deposit, bond, foreign exchange, real estate, etc. In addition, circulars are often prepared, each of which treats of some one function, or one aspect of a function, of the company; e. g., trustee, executor or administrator, guardian, agent, registrar, collections, wills, management of real estate, savings accounts, checking accounts, safe deposit, storage of silverware, storage of furs, letters of credit, interest on accounts. Educative ideas like the value of the habit of saving furnish the subjects of many little booklets. Circulars are issued directed to special classes of people—young men, teachers, firemen, policemen, farmers, actors, married women, working girls, foreigners—circulars for the last-named being written in various foreign languages. Many companies, particularly in towns and smaller cities, find it useful to publish a little monthly paper, distributed gratis, containing such general matter as will interest the readers together with educational and direct advertisements. Most companies publish in circular form their regular statements as called for, but comparatively few get full advertising value from them. The ordinary bank or trust company statement has no meaning to the lay reader, and therefore no interest. But if the statement be explained and put in plain English, excluding technical terms, it may be made a valuable advertising medium.

Important results have been obtained from pay-roll envelopes furnished free to large employers of labor, having printed on their face a few well-chosen words on the value of systematically saving a part of one's salary or wages and depositing it in the Blank Trust Company. One large savings bank uses over two million of such envelopes each year, and finds it a good investment.

There are numerous ways in which circulars and booklets may be distributed. The most common ways are by sending them to persons on the mailing lists and by placing them on the desks and in racks in the office so that people may help themselves. For the purpose of mailing it is well to remember to have the booklets of a size and weight that will permit their being placed, perhaps with a letter, in an ordinary size envelope, and carried for one stamp. Mailing cards are coming to be used for this purpose.

A little thought will suggest other ways in which the circulars may be distributed. The officers and clerks may carry a small supply in their pockets and hand them out as favorable opportunity occurs. They may be mailed with interest notices, with notices of safe deposit rent due, with notices to send in pass-books for entry of interest. When pass-books are balanced and ready for delivery, there is an excellent opportunity to enclose in the book a neatly printed slip calling attention to the fact that the company is making every effort to render good service, asking for criticisms if the service has been in any way unsatisfactory, and inviting the customer to bring in his friends.

Magazines, Etc.

Magazines, illustrated weeklies and other periodicals whose circulation is general, not local, are used when a banking-by-mail business is sought. In this field the selection of mediums is of supreme importance, and the advertising manager needs to thoroughly inform himself as to the bona fide circulation of each periodical considered, the classes of people it reaches, and the localities in which its circulation is greatest. The opportunity is large to waste money by placing advertisements in mediums that do not circulate among the people wanted.

Financial Periodicals.

Financial periodicals are the mediums employed when advertising specially for accounts of banks and other trust companies.

Letters.

Personal letters, and form letters which are written as personal letters, are being widely used, and when intelligently written and handled prove a very valuable advertising medium. They are sent to persons on the regular advertising lists and to selected lists made up from time to time. For instance, brief letters showing the value of opening savings accounts for the children in the family may be sent to parents of new-born babies, the names being obtained from the birth lists. The subjects treated in the letters may be the same as those covered in booklets, but are treated briefly and in letter style. Some of the letters are direct invitations to open accounts. The "follow-up" system is generally used; i. e., new letters are sent out at regular intervals until the "prospect" becomes a customer or is evidently not to be reached by this method of advertising.

The plan being that these letters should partake of the character of personal letters, care must be taken to adhere to the plan in every respect. The best way is to have each letter written separately by a corps of typewriter operators. If this is impracticable, the letters should be printed by a printer who makes a specialty of such work and understands his business. Carbon copies or poorly mimeographed copies should never be used. The letters should be personally signed in ink by an officer of the company, rubber stamp signatures being avoided. They should be sent out as first-class mail matter. Unless these precautions are taken, it is better to have the letters printed as circulars without any pretence of being personal letters. Such circulars will have a better effect than "personal" letters which proclaim upon their faces that they are not what they pretend to be.

Other Mediums of Publicity.

Advertising cards in street cars are extensively used in most cities. They offer space for only a brief message or reminder; but they are before the eyes of people who usually have nothing to do except to read such cards. Even the man who makes it a habit to read his paper or a book on the car has times when he has finished his reading or wearies of it, and lets his eyes glance at the advertising cards. Care must be taken to have the type used in these cards large and plain enough to be read with ease. It is to be observed that this medium of advertising reaches only those who use the cars, and is available mainly in cold weather when closed cars are in use. Care should be taken to select car lines patronized by persons who would find the office of the advertiser convenient. Copy for these cards must be changed frequently.

Window exhibits are used by many companies. They may consist of collections of coins or currency, a check or draft of unusual amount, a picture or model of the company's new building, the last statement of the company, especially if explained in detail, a comparative statement showing growth, an enlarged photographic reproduction of a savings passbook showing how an account increases by persistent saving, etc. One attractive exhibit was made of an hour-glass accompanied by a statement of the amount of interest earned by savings depositors during the hour required for the sand to run out of the upper half. Care must be taken to have such displays not too sensational. It is to be noted, too, that some companies are so located that it might bring danger of a "run" to have a crowd gather about the window.

The signs on the building occupied by the company should be distinct enough so that an ignorant person looking for the office will have no difficulty in finding it. There is also a value in signs conspicuous enough to attract attention of the general public, provided a reasonable amount of dignity is maintained. In some cities electric signs at night are used.

Calendars, blotters, wallets, rulers and various novelties are extensively used, although their value is questioned by many advertising managers. It sometimes happens that even when the advertising value of such things is known to be small, it is advisable to invest in them in order to retain good will or to follow a custom established in a community, the failure to follow which by any one company would hurt its business. Companies located in small cities or towns or in the outskirts or small business centers of cities doubtless are under a greater necessity of using this kind of advertising matter than are the large companies at the business centers of the principal cities.

In common with other concerns, trust companies are continually asked to buy advertising space in programmes, cook-books, monthly church or lodge papers and other printed matter issued by churches, clubs, societies, etc. The opinion seems to be pretty general and pretty definite that such things are practically worthless as advertising mediums. It is nevertheless often advisable, if not necessary, to take space in such publications, not as real advertising, but as a gift to gain or keep the good will of the persons interested.

Personal Efforts by Officers, Stockholders and Others.

Besides advertising in the more technical and restricted sense, there are many other means through which a company may make itself well and favorably known to possible patrons. The first of these is the oldest, and at one time practically the only, means of publicity—through the personal efforts of the officers. This is still one of the important means. Through membership in clubs, societies, churches and participation in other business enterprises, the trust company officer has splendid opportunities of bringing business—opportunities which are fruitful, other things equal, in proportion to his personal popularity, ability and reputation for integrity.

In some parts of the country, special solicitors have been employed to bring in new accounts. They are usually given an official title for the sake of having a better standing in approaching people. Their task is one requiring great skill and care.

The *directors* ought to be the source of much new business. They should be kept in touch with the progress of the company, with its plans and prospects, the lines of work it is undertaking, and be filled so full of information and enthusiasm that they can and will tell their friends about it. Men should be elected to the directorate who will give to their duties enough time and attention to keep informed as to what is going on, and who have enough interest in the company to use every opportunity to build up its business.

By properly directed efforts the *stockholders* may be made an important means of building up the business. Some companies have built up a large line of business simply by interesting the stockholders in the work. They really have important reasons for maintaining an active interest in the company's affairs, and but little effort is needed to arouse such interest and make it result in new business for the company. The essential thing is to keep in constant touch with them, by letters, personal interviews, frequent meetings, providing them with samples of all important advertising matter, and treating them as partners in the enterprise rather than as outsiders having no interest other than the semi-annual receiving of dividends and the annual sending of proxies. One enterprising bank president got his stockholders together every three months for a smoker—and the business showed the results.

Many *depositors* (assuming that they are well treated) will be found ready to help in building up the business, if they are asked to do so. An excellent custom is in vogue among some companies, of writing a personal letter, signed by the executive officer, to each new depositor, thanking him for his account, assuring him of the desire to render efficient service, and expressing a hope that the new relations may be profitable and lasting. This makes the depositor feel welcome, but must be backed up, of course, by courteous personal treatment. From time to time means should be devised of keeping in touch with all depositors, to make them feel that they are appreciated and wanted. The trust company has an opportunity, if it will use it, to build up each department from among the customers of the other departments, by seeing that they are posted as to all the services the company can render them.

The various employes of the company have friends and acquaintances from whom they could get accounts, if encouraged to do so. Some companies offer prizes each year to employes for new business obtained.

Results of Audits and Examinations.

Audits offer opportunities for effective advertising that should be utilized. When a thorough audit of a trust company has been made by a responsible audit concern, and matters found in good condition, every reasonable means of advertising the fact should be employed; for it has a very strong tendency to prove to the public mind that the company is solid and trustworthy.

Treatment of Customers.

Without doubt the most effective means of building up a trust company's business is found in fair and courteous treatment of all persons with whom the company has any dealings. Without it, no amount of advertising or of personal solicitation will avail to greatly increase the number of customers. The best of all advertisements is a pleased customer; a customer pleased not because he has "worked" the company for special accommodations, but because he has been treated with uniform courtesy and fairness and his business has been cared for with promptness, intelligence and accuracy. He is almost certain to bring his friends to the institution which has rendered him such services, and may be relied upon as a life-long customer, and a patron of all the departments. Courtesy and efficient service must be the cardinal principles governing the administration of the trust company that would build up and maintain an ever-increasing business. With these principles the whole office force must be imbued; for in their practice every employe from office-boy to president must co-operate. Grouchy and unaccommodating tellers, bookkeepers and clerks may easily drive away more business than the advertising department, officers and directors can bring. The whole atmosphere of the offices must be filled with the spirit of welcome and cheerfulness.

Office Equipment.

This spirit is expressible not only in the personal attitude of the officers and employes, but also in the furnishing and equipment of the offices. These should be attractive and cheerful, containing conveniences of various kinds for customers. The most up-to-date offices provide couches, writing tables, telephones, reading matter and other facilities especially for customers. A ladies' department is maintained, frequently in charge of a matron who looks after the wants of women customers. New currency is paid out by the tellers. An excellent plan is to have an official in the lobby with no other duties than to look after the interests of customers, answer questions, direct people to the proper windows. Nothing is so disagreeable, especially to a timid person, as to be sent from window to window to find the proper place to transact his business.

Increasing Trust Department Business.

The methods already described will result in building up the business of the trust department to some extent; but this is a department whose growth must come somewhat slowly at the start, and whose most effective advertising is by indirect means. The most fruitful source of business is from satisfied customers of other departments. The advertising is chiefly of the educational kind, through newspaper advertisements calling attention to the capacities in which the company may act, and through booklets describing the functions more at length, and showing the special facilities which the trust company has for rendering such services. Emphasis should be placed on the fact that the fees are reasonable, and no greater than individuals charge for similar services. It is helpful to cultivate friendly relations with lawyers. When an estate or an important trust of any kind has been successfully handled, the fact should be skillfully but fully advertised.

Preparation of Advertising Copy.

The preparation of copy for the various advertisements requires a peculiar skill. Natural qualifications for such work are required as a basis, and must be supplemented by careful study of the principles of advertising and of the work of the best advertising writers. The work can not be done by following fixed rules, but some conclusions drawn from the practical experience of advertising men afford useful guides.

The copy should be adapted to the medium used. Different kinds of copy are required for newspaper, magazine, circular and street car advertisements. The newspaper advertisement will be read by busy people and will usually be seen but once, the life of the newspaper being not over twenty-four hours. All that can be given is a single impression, which should be as strong as possible. The reader must get the impression quickly and easily, if at all. The magazine advertisement will be read by people having more leisure, and may partake more of the "reason-why" style. In the circular or booklet still more detail may be given. A card in a street car offers space for a very few words, a single impression; but it may be read a number of times by the same persons.

The copy should be adapted to the space used. It should never crowd the space.

The copy should be adapted to the reader. It must be couched in words and terms that he understands. If addressed to the busy man, it must be brief; he will not read long explanatory matter. But others may want to read reasons and arguments, and too great brevity is a mistake in advertisements addressed to such persons. Advertisements addressed to the general reader must not be so long as to repel the busy reader, nor so brief as to be hard to understand. Perhaps the weakest point of the average writer of financial advertisements is a failure to understand the viewpoint of the general reader and to learn his wants and his attitude. The average man does not understand the banking or trust company business; it is a mystery to him—simple as it may seem to an insider. He would be greatly interested in a magazine or Sunday newspaper article explaining the details of the business in a frank and straightforward manner—written in plain English and not in clearing-house phraseology. He would appreciate a booklet from his trust company giving such information.

The wording of the advertisement should have the ring of sincerity, honesty, frankness; and it must be backed up by performance.

The literary style used in the copy must be interesting, catchy; but never witty, frivolous or over-original. Parting with his money or delegating his business never impresses a man as a humorous procedure; the "cute" financial advertiser disgusts him. The sentences should be short, crisp, clear; the words good, common short English words, avoiding superlatives and technical terms. The test of a good advertisement is that it attracts attention, interests and convinces. It must leave the reader in a pleasant frame of mind—never scold, preach or antagonize.

A fundamental principle in copy-writing is to treat one point at a time. If the reader digests that one point, the advertisement has been a marked success. The next advertisement may add another point.

The copy should be addressed to just one person—the reader. He should be made to feel that his business is wanted.

The copy for advertisements in periodicals should be changed frequently; in the newspapers, daily. This holds the interest of readers and creates the impression that the company is alive.

Timeliness is a telling point. Bank-books for Christmas presents should not be advertised in July. A robbery offers a splendid opportunity for an advertisement on the folly and danger of keeping large sums of money in the house or on the person; a fire, for a discussion of the advantages offered by the safe deposit department; a defalcation by an executor, for a demonstration of the usefulness of the trust company in fiduciary capacities. A few live companies produced some telling advertisements for their safe deposit departments immediately after the San Francisco disaster.

Of the inducements or talking points available for trust company advertisements, the strongest is undoubtedly that of the solidity of the company and the security afforded to depositors. No inducements will attract people to an institution which they do not believe to be safe. Facts tending to show solidity are ample capital and surplus, large assets, proportion of assets to liabilities other than capital and surplus, careful investments, reserve, well-known and substantial directors, trusts from court, state or municipal deposits, state supervision, an up-to-date system of accounting, the confidence of numerous depositors. Frequent and thorough audits, either by a regular auditing department or by outside audit concerns provide an excellent talking point for solidity.

Next to safety, ability and desire to give capable service is usually the best talking point. A high rate of interest is, as a rule, not a good advertising point. There is apt to be a suspicion that the high rate of interest is paid at the sacrifice of security. Nevertheless, there are exceptions to the rule. In banking-by-mail business, Pittsburg and Cleveland banks have secured large deposits partly because of their four per cent interest rates on savings accounts. Where the interest rate is used as an inducement, it is of prime importance to show why it is possible to pay such rates without sacrifice of safety.

Among other inducements which may be made the subjects of advertisements, are convenience of location, attractive building or offices, special conveniences for customers, especially for ladies, advice about business matters, opening of the office one evening a week. A series of strong advertisements may be written on the different functions of the company, treating one at a time. The maxims of Benjamin Franklin and others, with brief comments, provide good material for educational publicity.

The Typographical Make-up of the Advertisement.

The typographical make-up of the advertisement should be made the subject of careful study, for it largely determines whether the reader will notice the advertisement at all. It must be different from the surrounding matter—set off by itself. On the average page, this may be accomplished by means of a suitable border and a white space between the border and copy. If the page is pretty well filled with bordered advertisements, however, more individuality and distinctiveness will be obtained without the border. As a rule, there should be a caption or catch-line which stands out distinctly, to appeal to interest or curiosity. The face and size of type for use in the caption and in the body matter, as well as the border and general make-up, should be dictated by the advertiser, and the proof should be seen and corrected. It is wise to allow the printer ample time. The advertisement should have a good position on a page apt to be read by the people whom it is desired to reach. It should be given plenty of room; if the copy crowds the space, the latter should be increased or the copy be rewritten. It is economy to pay for enough blank space to give a good setting.

There is an advantage in always using a distinctive style of type or border or an emblem—something which will readily give individuality to all of the company's announcements. To insure getting just the make-up that is desired many companies use electrotypes which they own and distribute to the papers as needed. The cost is slight and no chances are taken of poor judgment or serious errors.

(To be continued.)

DEVOLUTION OF REAL AND PERSONAL PROPERTY.

THE Knickerbocker Trust Company of New York city has issued a booklet giving the laws of New York State relating to the devolution of real and personal property, making of wills, transfer taxes on property of decedents, etc. This information will be found useful to trust companies, attorneys, and to individuals who may have property to devise or bequests to receive.

THE INTERNATIONAL BUREAU OF THE AMERICAN REPUBLICS.

THE International Bureau of the American Republics at Washington, D. C., is entering upon a new life of great usefulness. It has led a quiet existence for sixteen years and has awaited the forceful backing of a man like Secretary Root to galvanize it into new activities. To carry out its reorganization and make it a universally recognized and useful institution, its Governing Board, consisting of the diplomatic representatives of the American Republics in Washington, presided over by the Secretary of State of the United States, unanimously selected John Barrett as its new director. He took charge on January 11, 1907, and, during the first three months of his administration, the practical correspondence of the Bureau has tripled and the demand for its printed matter has quadrupled.

Mr. Barrett has had extended acquaintance with Latin-American countries. He was one of the delegates of the United States to the Second Pan-American Conference in Mexico, in 1901-'02; United States Minister to Argentina, 1903-'04; United States Minister to Panama, 1904-'05; and United States Minister to Colombia, from 1905 to January, 1907, when he resigned that position to accept the Directorship of the International Bureau. Prior to his Latin-American experience he had been United States Minister to Siam, in Asia, and Special Commissioner of American Chambers of Commerce in Japan, the Philippines, and India. He was also Commissioner General for Foreign Affairs of the St. Louis Exposition, securing the participation on an unprecedented scale at St. Louis of China, Japan, Korea, and other oriental countries which had at first declined to send exhibits. The new Director is devoting the same energy to developing the Bureau into a great international agency as he did to the extension of American commerce during his diplomatic experience in Asia and South America. The article in this issue of the MAGAZINE, about the opportunities for the investment of American capital in Latin-America, gives the ideas of a man who has mastered the field.

At the first Conference of American nations held in Washington, 1889-1890, over which James G. Blaine presided, preliminary steps were taken for the organization of the International Bureau. When the Latin-American representatives arrived in the United States they found such ignorance about their countries, and, in turn, found themselves so little familiar with the United States, that they unanimously voted for the establishment of an office that would furnish information in regard to the commerce, conditions, and opportunities in the different American repub-

HON. JOHN BARRETT,
Director International Bureau of the American Republics.

lics. The first Director was the celebrated newspaper correspondent, William E. Curtis, who at once gave it a prominence throughout the country that fully justified its organization. In succeeding years, although competent men like Joseph Smith, Clinton Furbish, Frederic Emory, W. W. Rockhill, and Williams C. Fox acted as Directors of the Bureau, there was lacking such active support of the State Department of the United States and the foreign offices of the other American governments, as was necessary for its growth and influence.

When, however, Elihu Root became Secretary of State, he at once saw that the United States should get into closer touch with her Latin-American neighbors, and he decided not only to attend the Third Pan-American Conference at Rio Janeiro, but to make a tour of South America in order to inaugurate a new era of friendly feeling and mutual interest. To make practical the work thus begun he saw the advisability of widening the scope of the International Bureau and of making it a powerful and practical agency not only for the extension of commerce and trade but for the building up of better diplomatic, political and social relations between the American republics. In accordance with his recommendations the Conference at Rio Janeiro evolved an elaborate programme for the reorganization and enlargement of the Bureau, which had the hearty support of the delegates of all the countries represented.

It is the object of the Bureau to provide all kinds of legitimate information to manufacturers, exporters and importers, merchants, business men, travelers, scholars and students, in each of the American countries, in regard to the conditions and possibilities obtaining in the others.

In carrying out this work, the Bureau is getting into touch not only with great business firms in all the republics, but with universities, leading men in various walks of life, and with centers of influence that may be concerned in one way or another. We can state, from our own experience, that the International Bureau, under the administration of Director Barrett, is ready to answer all reasonable inquiries from bankers, investors, and other persons who wish to secure reliable information in regard to any American nation. Under his guidance there is no doubt that great progress will be made in the matter of developing closer material and diplomatic relations among all the republics of the Western Hemisphere.

As evidence of its growing possibilities and the new interest awakened in its scope, Mr. Andrew Carnegie has recently given the Bureau, through Secretary of State Root, the sum of $750,000 for the construction of a new building, which the donor, in his letter of presentation to the Secretary, described as the "American Temple of Peace." This will be located on a beautiful five-acre tract of land at the corner of 17th and B streets, in Washington, facing the Executive Grounds on the east and Potomac Park on the south. The building, which is intended to be one of the most beautiful structures in Washington, will probably be completed in about two years.

LATIN AMERICA AS A FIELD FOR UNITED STATES CAPITAL AND ENTERPRISE.

BY JOHN BARRETT,

DIRECTOR INTERNATIONAL BUREAU OF AMERICAN REPUBLICS.

IT is my desire to interest every banker and investor in the United States in the industrial and material development of Latin-America. For American capital it is a great undeveloped field. It has vast potentialities which are not appreciated. There is no time to be lost. Latin America is on the verge of a forward movement that will astonish the world. Unless American capitalists are up and doing, those of Europe will control the situation and reap the chief benefits.

This is no frightened cry of alarm. It is no despairing shout. It is not a pessimistic wail. On the other hand, it is a simple statement of truth, based on a careful study of Latin America and a diplomatic experience in many of its principal countries covering some six years. I do not ask that heed be given to my story because I tell it, but simply because it narrates facts that any man of common sense, who is familiar with conditions in Latin America, can relate and prove as well as I. Without appearing to lay stress on my personal views, but in order to create confidence in my observations, I would recall that a dozen years ago, when I had the honor to be a United States Minister in Asia, I made similar prophecies in regard to American commercial and material opportunities in the Orient. These were first ridiculed and even scorned by many of the leading American newspapers. To-day, the realization is far beyond what was pictured in my most hopeful descriptions. I have studied Latin America, from Mexico and Cuba to Argentina and Chile, no less carefully that I did Asia, from Japan and China to the Philippines and Siam, and I am now convinced of the truth of all my humble conclusions.

Present and Prospective Investment.

There is no better argument in favor of the importance and value of the Latin-American opportunity than a citation of what is being done today. Mexico, Central America, and Cuba can be passed over with brief references, because they are so much better known in the United States than is South America proper. It is well to remember, however, in passing, that, according to the opinion of Senor Don Enrique C. Creel, the distinguished Ambassador of Mexico in Washington, and a man who stands high both in financial and diplomatic circles of that Government, over seven hundred million dollars ($700,000,000) of money from the United States are invested throughout his country. This shows how eagerly the capital of the United States will seek Latin nations if peaceful conditions prevail. It is a logical conclusion that if this sum is invested in Mexico, there is room for ten times that amount, or seven billion dollars ($7,000,000,000) to be placed in South American countries from Colombia to Chile. Of course, I do not mean that this sum can be put in all at once; but there will be a demand and opportunity for it during the next twenty years if the investors of the United States do not let those of Europe take the best chances first. The other day, a reliable financial paper in Europe made the significant statement that two billion dollars ($2,000,000,000) of European capital would be invested in South America in various enterprises during the next ten years, and that many of the great financial institutions of Europe were seriously beginning to believe that capital was safer in South America than in the United States. Of this point, in so far as it refers to revolutions, I shall speak pointedly a little later on.

The Caribbean and Central American States.

In Cuba, already over one hundred and fifty million dollars ($150,000,000) of American money are invested. In Puerto Rico, Santo Domingo, Haiti, and the Central American states of Guatemala, Honduras, Salvador, Nicaragua, Costa Rica, and Panama are fifty million dollars ($50,000,000) more—and yet all experts who have studied these small countries agree that the development of their resources has only begun. They may be in a somewhat disturbed state, but there is a strong sentiment growing among all of them against revolutions and in favor of permanent law and order. Some people describe the present trouble in Central America as the straw which will break the back of the revolutionary camel and inaugurate a new era of peace and prosperity.

Our Nearest South American Neighbor.

Now, coming to South America proper, we have a fascinating field of study. Let us first glance at Colombia, our nearest neighbor, and yet perhaps the least known of the countries on the South American Continent. Its Caribbean ports are only 950 miles from Florida. It is much closer to New York, Boston, and Philadelphia than Panama and most of the Central American states. It covers an area as large as Germany and France combined. Possessing a marvelous variety of climate from the temperate cold of the wide plateaus of the Andes to the tropical heat of its lowlands, rich with a remarkable variety of minerals, producing almost every important vegetable and timber growth, and yet in the very infancy of its foreign development and exploitation, it is most tempting for capitalists looking for virgin fields. Although Colombia has had the name of being disturbed with internal strife in the past, it is now, through the wise administration of its President,—General Rafael Reyes,—gradually substituting confidence and quiet for distrust and conflict. General Reyes is doing all in his power to interest foreign capital in the exploitation of the resources of Colombia. He wants to build trunk and branch lines of railroads over its wide area; to open up its mines of gold, copper and platinum; to improve the navigation of its many rivers; to carry to market the valuable timber of its primeval forests; to put in electric light and street car lines in its principal cities, and to take advantage of its numerous water powers. When I was recently United States Minister in Bogota, its capital, one of the most conservative representatives of a great English banking-house told me that Colombia alone could give profitable investment during the next ten years to twenty-five million dollars ($25,000,000) of foreign money.

The Rich Land of the Orinoco.

Venezuela may seem a little disturbed at times, but those familiar with its interior agree that, in proportion to area, no other South American country has a more extended variety of resources capable of profitable development. One trip up the mighty Orinoco River and its tributaries will convince the most skeptical that millions of dollars are to be made in taking advantage of what nature has given Venezuela in prodigal supply. Like Colombia, it is almost a *terra incognita* to the American capitalist or traveler when he gets beyond the Caribbean coast. With these two republics crossed by trunk lines of railroads, with branches into various valleys and upon their high plateaus, they would enter upon a new era of prosperity hardly contemplated at present.

The Common Mistake Regarding the Tropics.

I am here reminded to emphasize the mistake that the average North American makes when he classes countries like Colombia, Venezuela, Ecuador, Peru, and Brazil as purely tropical and therefore dangerous for men of the United States and Europe if they expect to spend much time there. It is altitude above the sea rather than nearness to the equator that determines heat or cold. A man who goes up from the tropical sea level 5280 feet, or one mile, to a plateau, finds it cooler and more temperate than if he traveled one thousand miles north or south from the equator on the surface of the earth. Again, if he goes up 10,560 feet, or two miles, upon any one of the numerous high plateaus of the Andes, he will find a far more agreeable and equable climate than if he journeyed two thousand five hundred miles north or south from the equatorial line. What does this suggest? Simply that the so-called and much-despised tropical section of South America, having many large and cool areas wonderfully mingled with low tropical valleys, all of which are characterized by exceptional fertility of soil and variety of resources, will experience an astonishing development when capital realizes the opportunity and feels that it is safe.

Ecuador, which looks small on the map, but which is big enough to include within its area five or six Pennsylvanias, is a good illustration of this point. Through its entire length for many hundred miles there are fertile, populous Andean uplands, in the center of which is located its capital, Quito. In a short time a railroad built by an American, Mr.

Archer Harman, in the face of great financial and engineering difficulties, will connect Guayaquil, its thriving port on the Pacific, with its capital city, first traversing in this distance the rich tropical lowlands and then climbing up into the mountains. This road, together with one in Colombia, which the Messrs. Mason, Americans also, are building from Buenaventura, on the Pacific coast, into the famous and beautiful Cauca Valley, will form important divisions in the mighty Pan-American Railway system, which is being so strongly advocated by ex-Senator Henry G. Davis, of West Virginia, and Mr. Andrew Carnegie.

The Riches and Progress of Great Brazil.

When one speaks or writes of Brazil, he has difficulty in finding adjectives which will describe truthfully the opportunities in that country for legitimate exploitation of North American capital and yet which will not suggest the use of exaggerated phraseology. The simple facts—that Brazil covers a greater area than the United States proper; that out of the Amazon River every day flows three or four times more water than out of the Mississippi; that this gigantic stream is navigable for thousands of miles; that the city of Rio Janeiro, its capital, has now a population of 800,000 and spent more money last year for public improvements than any city of the United States, excepting New York; and that to-day the central government and the different states are expending larger sums for harbor and river improvements than the Government or States of the United States—all convince the most skeptical that Brazil is a field for the investor to study thoroughly and thoughtfully.

Only the other day, it was announced that the celebrated American engineer, Mr. E. L. Corthell, who designed the elaborate dock system at Buenos Aires in the Argentine Republic, had secured a concession for building a great harbor at Rio Grande do Sul, in the south of Brazil, and would expend over fourteen million dollars ($14,000,000) on the project. Plans for the construction of railways into the heart of the country, including one that will eventually connect Rio Janeiro with Montevideo, the capital of Uruguay, on the south, and with Asuncion, the capital of Paraguay on the southwest, are well under way. The navigation of the upper branches of the Amazon River are to be so improved that there will be connection with Lima, on the Pacific side, and with La Paz, the capital of Bolivia, located in the Central Andean plateau. All over Brazil new towns and cities are springing up which will require water works, electric lights, sewerage systems, and street car lines. Back in the interior, which has heretofore been described as a jungle, are being found mountains of iron and coal and forests of valuable timber, upon which the world must largely draw for its supply in the future.

Over a thousand miles up the Amazon is the thriving city of Manaos, which reminds one of the pushing western cities of the United States. It is now looking forward to a population of 100,000, and prides itself on its fine streets, business buildings, street car service, and handsome opera house. If the traveler will go on another 1,000 miles up this great stream, he will arrive at Iquitos, the Atlantic port, as it were, of Peru, a city which is growing with surprising speed, although its neighborhood a few years ago was considered a rendezvous of savages. Without enlarging on the possibilities of Brazil to supply the world's demand for rubber and coffee, so well-known in the United States, it can be said that this Empire Republic of South America offers a field for safe investment of one hundred million dollars ($100,000,000) of American money in the near future.

American Capital Building New Railroads.

There is hardly space in this article to go into details about Uruguay, Paraguay, Peru, and Bolivia, but a few points must be kept in mind. Chiefly through the influence of the able Minister of Bolivia in Washington, Mr. Ignacio Calderon, nearly fifty million dollars ($50,000,000) of American capital will be invested in the construction of Bolivian railways, which will result in bringing her limitless mineral resources and their consequent exploitation directly to the attention of the world. In Peru, the greatest mining enterprise is in the hands of Americans, and they declare that they have only scratched the surface. The millions that the Haggins have put, and are putting, into the copper deposits of the Peruvian Andes are evidence of their value. Paraguay seems to be tucked away in the interior of South America so that its agricultural and timber wealth are not appreciated, but every consular report that comes from Asuncion shows that the Paraguayans are anxious to encourage the investment of North American money. In Uruguay, we find one of the most fertile soils in all the world; and, as evidence of Uruguay's forward movement, it can be cited that the Government is spending ten million dollars ($10,000,000) in making the harbor at Montevideo one of the best in all America.

Chile a Scene of Growing Activity.

Where to begin or end in a description of Chile's material and industrial possibilities is difficult to decide. That Europe has confidence in its future is proved by the eagerness with which German and English capital is seeking investment along numerous different lines within its limits. Reaching for nearly 2,000 miles along the Pacific coast of South America and having a wide variety of climates, products, and natural resources, it presents an extremely inviting opportunity. Its harbors are being improved, its railroads are being extended, and its cities, especially those injured by earthquakes, reconstructed. The Chilean Government expects to spend at least ten million dollars ($10,000,000) in making Valparaiso a safe harbor. Mr. Lindon W. Bates, the well-known hydraulic dredging engineer of New York, is about to lay before the Government at Santiago a scheme by which he claims he can construct a safe harbor at Valparaiso at an expense much less than that proposed in the project of European engineers.

The Wonderland of South America.

Last, but undoubtedly far from least, we consider the Argentine Republic, sometimes called the "Wonderland" of South America. Located to the south of the equator not unlike the United States north of it; possessing through its greater portion a temperate climate; covering an area as large as that section of the United States east of the Mississippi River, plus the first tier of states west of it; drained by the great River Plate system, out of which flows twice as much water each day as out of the Mississippi; and boasting a capital city, Buenos Aires, which has a population of over one million (1,000,000) and is growing faster than any other city on the Western Hemisphere, excepting New York and Chicago, the Argentine Republic says to-day to capitalists, investors, and bankers of the world that they have no more inviting field for the secure placing of their surplus money. Business "talks," and it speaks loudly and convincingly in regard to the Argentine Republic. There can be no more logical argument in support of Argentina's claim to commercial importance than the fact that in the year 1906 it carried on a foreign trade, exports and imports, amounting, in all, to the magnificent total of five hundred and sixty-two million dollars ($562,000,000). This, though true, seems almost incredible when we realize that the country has yet only about six million people. Stated in another way, the Argentine Republic, with a comparatively small population, carries on a larger foreign commerce than Japan with forty millions or China with three hundred millions of people. It means that her trade with the rest of the world is nearly $100 per head, or proportionately greater than any other country of standing on this earth.

The railway systems of this Republic, which connect Buenos Aires with Bolivia on the north, with Chile on the west, and with Patagonia at the southern end of Argentina, rival, in proportion to population, the railroad systems of the United States and European countries. The cities of the interior are growing rapidly and there is everywhere a demand for capital to give these towns modern advantages. The amount of money, required not only to do this but to improve the vast agricultural possibilities of her plains and the mineral wealth of her mountains, should be supplied, in a considerable part, by the United States.

General Opportunities for Investment.

I would add, in reply to the many inquiries which come to the International Bureau of American Republics, that money is wanted all over South America for the establishment of North American banks, or branches thereof, in the principal cities; for the building and extending of railroads; for the construction of electric rail and street car lines, electric lighting plants, water works, sewerage systems; and for financing concessions covering harbor improvements, agriculture, timber, and mineral exploitation, not to mention a score of lesser opportunities that combine to make a general onward movement.

Revolutions and Actual Commerce.

As for revolutions, I desire to emphasize the fact that capital must not be frightened or misled by the little difficulty in Central America or by occasional unorganized outbreaks in some of the lesser South American countries. The truth is that four-fifths of South America has known no serious revolutions in the last decade and a half, while the present prospects for lasting peace and prosperity are better than ever before.

The query as to what Latin America is doing in its relations with the outer world can be summed up in the gratifying and surprising statement that the total foreign trade, exports and imports, of Latin America in the year 1906 were valued at two billion, thirty-five million, and three hundred and fifty thousand dollars ($2,035,350,000). Of this amount; exports were one billion, one hundred and thirty-eight million, two hundred and sixty thousand dollars ($1,138,260,000), and imports, eight hundred and ninety-seven million and ninety-five thousand dollars ($897,095,000), leaving a remarkable balance in favor of South America of two hundred and forty-one million, one hundred and sixty-five thousand dollars ($241,165,000).

The International Bureau and Mr. Root's Tour.

In conclusion, I wish to take advantage of this opportunity to call the attention of capitalists, investors, bankers, and business men in general to the broadened scope and plan of the International Bureau of the American Republics, which, under the ambitious programme outlined by the Third Pan-American Conference, held at Rio Janeiro, Brazil, last summer, is being reorganized and enlarged so as to become a world-recognized and powerful agency not only for the extension of commerce and trade but for the development of better relations of peace and friendship among all the republics of the Western Hemisphere.

The impetus given to this plan by the extraordinary visit of Mr. Elihu Root, Secretary of State of the United States, to South America, cannot be overestimated. He accomplished more in his three months' journey, by his contact with the Latin-American statesman, by his speeches and by his personality, to remove distrust and to promote mutual good will, confidence and their corollary commerce, than all the diplomatic intercourse and correspondence of the preceding seventy-five years. As a result of Mr. Root's visit to South America, a new era has already dawned in the relations of the United States with her sister nations, and it now remains for the capital of this country, accumulated through our past prosperity and looking for new fields, to improve the wonderful opportunity in the great southern continent.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

NOTES—CONSIDERATION—DURESS—THREATS—VALIDITY —RATIFICATION—INNOCENT HOLDER.

HENRY, ET AL. VS. STATE BANK OF LAURENS.

Supreme Court of Iowa, June 12, 1906.

A note given because of threats to prosecute, and in consideration of a promise not to prosecute the maker's brother for alleged embezzlement, is void, being contrary to public policy. It is not made valid by a subsequent delivery uninfluenced by duress, and may be cancelled on a bill in equity.

Even in the hands of an innocent holder it is invalid where there is a statute rendering such notes void. In the absence of a statute, a note, founded on illegal and immoral consideration, is valid in the hands of an innocent holder.

DEEMER, *J.*: July 21, 1902, plaintiff Cora Henry, executed to the State Bank of Laurens her note for the sum of $4,434.61, payable in five yearly installments. To secure this note she at the same time executed a deed for a house and lot owned by her in Winterset, Iowa, and the bank at the same time gave plaintiff a written statement that said deed was held as security for the note; plaintiff to pay taxes, insurance, and interest on another loan. This action is to cancel the note and the deed upon the ground that the same was secured through duress and threats made by the president of the defendant bank. The Fidelity Savings Bank intervened in the action, claiming to be the owner of the note and the deed to secure the same, and asking judgment for the amount of said note and a foreclosure of plaintiff's equity of redemption under the deed. The original defendant denied the duress and threats, and answered that it sold the note, and assigned the deed before the maturity of the note to the aforesaid intervener. Plaintiff in reply denied the transfer of the note and deed, and pleaded that the same was without consideration and in bad faith. She also averred that nothing passed by the assignment of the deed to intervener. Plaintiff pleaded practically the same matter in defense to the petition of intervention. In reply to plaintiff's answer to the petition of intervention, intervener pleaded confirmation and ratification of the note and mortgage, and an estoppel upon plaintiff from denying the validity thereof. Upon these issues the case was tried, resulting in a decree canceling both note and deed, and dismissing the petition of intervention. Defendant and intervener each appeal.

The exact claims made by plaintiff are that the note was given by reason of threats made by the president of defendant bank to prosecute her brother, who had been an employe of the bank and who it was claimed was a defaulter, for the crime of embezzlement; that the note was without any other consideration than an agreement to compound the brother's felony; and that but for threats to prosecute him for his offense and the promise to compound she would not have executed the papers.

Defendants deny each and all of these allegations, say that the papers were executed to secure a debt of defendant's brother without duress or threats; that the brother was not in fact guilty of any crime, and, even if he were, they had the right to take security for the money he had abstracted from the bank; that plaintiffs ratified and confirmed the instruments, and are now estopped from denying their legality. Intervener also contends that it is an innocent holder of the instruments for value and before maturity, and is entitled to its judgment and decree of foreclosure.

The making of the note and defeasance are admitted. But it appears that at the same time and as a part of the same transaction J. A., W. J., and W. C. Henry executed a note for the same amount and with the same terms as the one in controversy, save that the latter has this statement: "This note is held as collateral security of the payment of a note executed by J. A. Henry as principal, and W. J. Henry and W. C. Henry and others as security, for above amount, a true copy of which this is. This note is voluntarily given and for a valuable consideration."

J. A. Henry, one of the signers of the note referred to, is the brother above mentioned. He goes by the name of "Allie," and this he will hereafter be called in this opinion. It appears that Allie was either a defaulter, or that he owed the bank for which he had been working the sum mentioned in these notes. In the absence of proof to the contrary, there was a sufficient consideration for both notes. Sac Co. vs. Hobbs, 72 Iowa, 69, 33 N. W. 368. So that, unless the issues of duress, threats, or of an agreement to a felony be sustained, the decree of the trial court is wrong. These are purely questions of fact, the law being well settled and equally well understood. It is not true, as appellants contend, that to establish these issues it must affirmatively appear that the person accused was in fact guilty, or that his innocence relieves the party charged from the effect of his conduct. The defense of ratification we shall hereafter notice.

Coming back, now, to the facts, we think the trial court was justified in finding, and we adopt its conclusion in this respect, that the note and deed were obtained because of threats made by an officer of defendant bank to prosecute the brother "Allie" and to send him to the penitentiary, and because of a promise by this officer not to prosecute him if plaintiff would sign the papers in controversy. There is a dispute, of course, as to the facts, these charges being denied; but the trial court had the witnesses before it and had this advantage over us. Moreover the weight of the testimony on the printed page seems to be with plaintiff. There was certainly no other inducement for plaintiff's making the instruments in suit, and she testified that she would not have done so but for the statements made by the officer of the bank. The case in this respect is a simple one, and in its facts as to duress much like Sharon vs. Gager, 46 Conn. 186, where a mortgage was set aside because of threats to prosecute which were held sufficient to avoid the same.

The plea of ratification is not established. All that is shown is that delivery of the instruments was postponed for a few days by agreement, and that they were finally delivered with plaintiff's consent. They were delivered at a time when the influence of the threats and duress was presumed to continue, and there is no evidence to overcome this presumption. Moreover, if the note and deed were void because contrary to public policy, their delivery even without duress would not make them valid. This is horn-book law requiring no citation of authorities in its support.

While something is said in argument about intervener being an innocent holder of the note, little is made of it and the reason for this appears to be that the note is a non-negotiable one, or, if negotiable, was not sold or indorsed, so as to be brought under the law merchant. Moreover, while the defense of duress would not, perhaps, be a defense against a holder in due course, although First National Bank vs. Bryan, 62 Iowa, 42, 17 N. W. 165, seems in some respect to be to the contrary, yet if the deed is void because of illegality of consideration it cannot be enforced, for the intervener cannot be an innocent holder of the deed given as security for the note. The note itself would be valid in the hands of an innocent holder, provided it came under the law merchant. But that does not appear in this case. The true rule is announced in Vallet vs. Parker, 6 Wend. (N. Y.) 615, to the effect that a note even if founded upon an illegal and immoral consideration is valid in the hands of a good-faith holder, unless there be a positive statute declaring such instruments void. (See, also, Bacon vs. Lee, 4 Clarke [Iowa] 490.)

The decree of the trial court seems to be correct, and it is affirmed.

NOTE—EXTENSION OF TIME OF PAYMENT—LIABILITY OF ACCOMMODATION MAKER.

CELLERS VS. MEACHEM.

Supreme Court of Oregon, April 9, 1907.

An accommodation maker of a note is not relieved from liability by an extension of time of payment without his consent, under the negotiable instruments law of Oregon, which is similar to that of other states, including New York.

The word "surety" appended to the name of a maker of a note cannot alter his liability as to the owner thereof, and only shows that, as between the promisors, one is principal, the other guarantor.

This is an action on a promissory note brought by Ada Marie, and Bessie Cellers, against E. L. Meachem and Joseph Lyons. The note was executed December 27, 1904, and runs "90 days after date, without grace, we promise to pay," etc., and is signed by Meachem and Lyons, with the word "surety" added to the name of the latter. The complaint is in the usual form. Meachem, having failed to appear, default was entered against him. Lyons answered, admitting the execution of the note, and, for an affirmative defense, pleaded that he signed the instrument as a surety only, without consideration, and for the sole use and benefit of Meachem and of the plaintiff; that the payees had full knowledge of the conditions under which it was executed; that, after the note had matured, plaintiffs, in consideration of additional security, given them by Meachem, and without the knowledge or consent of Lyons, extended the time of payment; and that by reason thereof he was relieved from all liability. At the trial evidence was admitted, over plaintiffs' objections and exceptions, tending to show an agreement extending the time as alleged. At the close of the trial, their counsel requested the court to direct a verdict in favor of their clients for the sum demanded; there being no dispute as to the amount due. which request was denied. The court, at defendant's request, instructed the jury, among other things, that if they found plaintiffs, after maturity of the note, entered into an agreement with Meachem extending the time of its payment, without the consent of Lyons, no recovery could be had against him. Exceptions were taken to this part of the charge, and also to the refusal of the court to direct a verdict for plaintiffs. The jury returned a verdict for defendant, and, from a judgment thereon, plaintiffs appeal.

King, *C.* (after stating the facts): Several errors are assigned, but the only one necessary for determination is whether or not the alleged agreement between plaintiffs and Meachem, extending the time of payment of the note, relieved Lyons from liability thereon. There is no conflict in the testimony on the issues involved, but counsel for appellants contend that the answer and the proof were insufficient to establish a valid agreement extending the time of payment. Under the conclusion reached, it will be unnecessary to consider the question of the sufficiency of the pleadings, or the evidence, on this point. It will be assumed, for the purposes of this opinion, that the alleged agreement was sufficient, under the law as recognized by the decisions of this court prior to the adoption of the Negotiable Instruments Act of 1899. Pursuant to this theory, if that act makes no change in the prior law, no judgment could be rendered against Lyons upon the facts admitted; but, if such act did change the rule in this respect, then the court erred, as claimed by plaintiffs. The negotiable instruments act became a law May 17, 1899, and is entitled: "An act relating to negotiable instruments—being an act to establish a law uniform with the laws of other states on that subject." Laws Or. 1899, p. 18; B. & C. Comp. sections 4403-4594. It will be observed that the note sued upon was executed after the act took effect. The question, therefore, to be considered, is whether or not this act changed the rule previously recognized in this state. The effect of the statute upon the relation of the parties depends upon whether Lyons was primarily liable on the note. If his liability was secondary, the right to recover against him would be dependent upon the proving of the agreement as alleged. B. & C. Comp. sec. 4522.

Prior to May 17, 1899, a valid agreement entered into between a principal and the payee of a negotiable instrument, binding the latter, without the assent of the surety, whereby the time of its payment was extended, relieved the accommodation maker, whether his liability was primary or secondary, and the existence of such agreement could be shown by parol. The word "surety," appended to the name of a maker of a note, cannot alter his liability as to the owner thereof, and only shows that, as between the promisors, one is a principal and the other a guarantor. Since the word "surety" can only affect the status of the makers of the note as between themselves, and as Lyons' liability to the plaintiffs is the same as if he had signed the instrument without using the qualifying word after his name, he became, in the language of the negotiable instruments act, "absolutely required to pay the same," and is therefore primarily liable. The fact that Lyons executed the note solely for the benefit of Meachem, and plaintiffs were aware of these conditions, is of no avail, for a person cannot enter into a contract, even though solely for the benefit of another, and then shield himself from responsibility on the theory that the purchaser has knowledge that his acts are without actual consideration.

The negotiable instruments law defines what constitutes an accommodation maker, and specifies how negotiable instruments may be discharged; the sections thereon being as follows:

"An accommodation party is one who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party." B. & C. Comp., sec. 4431.

A negotiable instrument is discharged (1) by payment in due course by or on behalf of the principal debtor; (2) by payment in due course by the party accommodated, where the instrument is made or accepted for accommodation; (3) by the intentional cancellation thereof by the holder; (4) by any other act which will discharge a simple contract for the payment of money; (5) when the principal debtor becomes the holder of the instrument at or after the maturity in his own right." B. & C. Comp. sec. 4521.

"A person secondarily liable on the instrument is discharged (1) by any act which discharges the instrument; (2) by the intentional cancellation of his signature by the holder; (3) by the discharge of a prior party; (4) by a valid tender of payment made by a prior party; (5) by a release of the principal debtor, unless the holder's right of recourse against the party secondarily liable is expressly reserved; (6) by any agreement binding upon the holder to extend the time of payment, or to postpone the holder's right to enforce the instrument, unless made with the assent of the party secondarily liable, or unless the right of recourse against such party is expressly reserved." B. & C. Comp. sec. 4522.

"The person 'primarily' liable on an instrument is the person who by the terms of the instrument is absolutely required to pay the same." B. & C. Comp. sec. 4592.

These sections, as quoted, with the exception of the clause, "unless made with the assent of the party secondarily liable" (sec. 4522), are identical with the language used in the New York act on the subject. While this act has been adopted in practically the same form in other states, its effect upon the law prevailing prior to its enactment does not appear to have been passed upon by the courts; but the authors of a very recent work, in discussing the New York statute, after pointing out that it only provides for the discharge of a person secondarily liable, that a person is primarily liable who by the terms of the instrument is absolutely required to pay it, and that all others are secondarily liable, make the following observation: "It would seem to follow that the statute has disposed of the conflict of authority upon this question by holding the accommodation acceptor or maker to his apparent engagement as a principal debtor, and making him liable notwithstanding an indulgence given to the indorser or drawer for whose benefit he became a party to the instrument." Eaton & Gilbert, Com. Paper, sec. 123f.

What is expressed in an act is deemed exclusive, when it is creative, or in derogation of some existing law, or of some of the provisions of a particular act. It is indicated in the title of the act under consideration that its purpose is "to establish a law uniform with the laws of other states on that subject." Inasmuch as the enactments relating to negotiable instruments differed in the various states, and as the decisions interpreting both the common-law and legislative provisions were far from being harmonious, it must be inferred, from the language constituting the title of the act, that it was intended to provide a complete and comprehensive law on this subject; and since it defines an accommodation maker, making him primarily liable, and in one section designates how negotiable instruments may be discharged, but contains no provision whereby a person primarily liable can be released, except by payment, etc., and in the section following specifies the manner in which persons secondarily liable may be relieved of responsibility on such instrument, it follows that the immunities indicated there were intended to exclude all exceptions not contained therein, under the familiar maxim: *"Expressio unius est exclusio alterius."* It is, therefore, clear, under the well-settled rules governing the construction of statutes, that when this act, which, in effect, declares that all persons signing a negotiable instrument shall be liable, whether executed for a valuable consideration or as an accommodation maker, and then specifies the particular manner in which negotiable instruments may be discharged, designating, as an exception thereto, that, when the liability is secondary, it may be avoided by any valid agreement extending the time of payment, etc., without such person's consent, was passed, it was the intention of the legislative assembly to make such provisions exclusive of all others. We are of the opinion that the negotiable instruments act substitutes its provisions for the former law, as recognized by this court prior to 1899.

It follows that plaintiffs were entitled to the instruction asked, and the court erred in charging the jury to the effect that the agreement for the extension of the time of payment of the note, if proved as alleged, would preclude a recovery against Lyons.

The judgment appealed from should, accordingly, be reversed, and the cause remanded for proceedings not inconsistent with this opinion.

PLEDGED NOTES—ASSIGNMENT.

LADD VS. MYERS.

Court of Appeals, Second District, California, Oct. 16, 1906.

If one accepts an assignment of a pledged note, in the hands of the party holding the pledge as security for two claims of different persons, he takes it subject to both claims, and cannot by his failing to make inquiry, occupy the position of an innocent purchaser without notice as to one of such claims.

ALLEN, *J.:* Action originally brought by plaintiff against defendant bank to recover a sum alleged to be in the hands of said bank due plaintiff. Defendant Myers, being made a party, answered, claiming such funds. Thereupon the defendant bank deposited the same in court, and, upon the trial, findings and judgment went for defendant Myers. Plaintiff appeals from such judgment, and from an order denying a new trial.

The facts are these: One Heart, the owner of a promissory note for $2,000 theretofore executed by one Newton, placed the same in the hands of the First National Bank of Santa Ana, as pledgeholder, to hold the same as collateral to an obligation owing from Heart to one Walker, with instructions upon collection to pay Walker a specified sum and the balance to Heart. Afterwards Heart purchased certain personal property from defendant Myers, and, in consideration thereof, agreed to execute his promissory note to Myers for $1,000 and secure the same by his interest in the Newton note, and accordingly, in company with Myers, visited the bank and directed the cashier thereof to hold the Newton note as collateral to the Walker and Myers claim, and out of the proceeds pay such claim. Afterwards Heart made a written assignment of said Newton note to plaintiff, and, when the bank collected the Newton note, plaintiff demanded the proceeds thereof in excess of the amount required to pay the Walker claim. The bank declined to recognize plaintiff's claim as superior in right to that of Myers, and plaintiff brought this action against the bank, which brought the funds into court for distribution under its order. Myers having been made a party and having filed his answer, upon the trial the court found the facts as above set out, and directed judgment for Myers to the extent of the note held by him so executed by Heart.

Appellant's chief point is that the evidence is insufficient to support the findings. There is nothing in this contention. The evidence is clear and convincing as to the agreement between Heart and Myers, and upon the faith of which Heart obtained the possession of personal property for which the $1,000 note was given. It was not an agreement for a pledge, but an actual pledge. Plaintiff, when he purchased the note in the hands of the pledgeholder, took the same burden with the actual agreement under which the pledgeholder held the same as collateral, and cannot, by avoiding inquiry into the extent of the pledge, occupy the position of an innocent purchaser without notice.

We find no prejudicial error in the record, and the judgment and order are affirmed.

We concur: Gray, *P. J.; Smith, J.*

NOTE—INDORSEMENT IN BLANK—ACKNOWLEDGMENT OF PAYEE AS PRINCIPAL MAKER—EFFECT—AMENDMENT OF INDORSEMENT.

KISTNER VS. PETERS.

Supreme Court of Illinois, Oct. 23, 1906, Rehearing Denied, Dec. 11, 1906.

Though a payee endorsed a note, adding the words, "I hereby acknowledge myself a principal," etc., the indorsement is regarded legally as in blank, and the words are deemed mere surplusage and have not the effect of making the payee a principal maker of the instrument.

The transferee of a note thus indorsed was within his rights in prefixing to the indorsement, "for value received," etc., since he had authority as assignee to write over the signature any words consistent with the contract of indorsement. The words could be added at any time before or during the trial of the case, and there was no error in the court's permitting the assignee to insert the words.

Action by Hettie J. Peters against Philip Kistner. From a judgment of the Appellate Court, affirming a judgment in favor of plaintiff, defendant appeals. Affirmed.

On March 18, 1895, E. N. Rinehart, Philip Kistner, and Ph. Wiwi executed a promissory note to Rose M. Rinehart in words and figures following: "March 18, 1895. One year after date we promise to pay to the order of Rosa M. Rinehart one thousand dollars at Effingham, Illinois, value received, with interest at the rate of six per cent. per annum. E. N. Rinehart, Philip Kistner, Ph. Wiwi." On the same date Rosa M. Rinehart made the following indorsement on the back of the note: "I hereby acknowledge myself a principal maker of this note with E. N. Rinehart and my liability as such principal jointly with him. Rosa M. Rinehart." The appellee, Hettie J. Peters, subsequently began a suit in attachment in the circuit court of said Effingham county against appellant Philip Kistner, the only surviving maker of the note. The declaration, after reciting the making of the note, payable to Rosa M. Rinehart, and its delivery to her, and the death of the makers other than the defendant, alleged that on the day and date aforesaid the said Rosa M. Rinehart then and there assigned the said note, by indorsement thereon under her hand, to the plaintiff, Hettie J. Peters, by means whereof the makers, including the defendant, Philip Kistner, then and there became liable to pay her the amount of said note, and, being so liable, made default.

The defendant craved oyer of the note and the indorsement thereon, which was allowed by the court, and he thereupon demurred to the declaration upon the ground that there was a variance between the indorsement and the allegations contained in the declaration. The demurrer was overruled and he elected to stand by it. A default was then entered against him and the court proceeded to assess the damages. The plaintiff offered in evidence the note, and asked leave to write, preceding the above indorsement, the words, "For value received I assign the within note to Hettie J. Peters, and," making the whole indorsement read: "For value received I assign the within note to Hettie J. Peters, and I hereby acknowledge myself a principal maker of this note with E. N. Rinehart and my liability as such principal jointly with him.—March 18, 1895.—Rosa M. Rinehart." The defendant objected to the additional words, but the court overruled the objection and permitted the indorsement to be made. Judgment was then entered by default in favor of the plaintift for the amount of the note and costs. That judgment has been affirmed by the Appellate Court, and this further appeal is prosecuted.

Wilkin, *J.* (after stating the facts): The appellant claims that the trial court erred, first, in overruling his demurrer; and, second, in allowing the additional indorsement to be made. As we understand his counsel, his contention is that the allegation of the declaration that the note was assigned to appellee is at variance with the legal effect of the indorsement on the back of the instrument, in that the indorsement was not legally an assignment, but by its terms Rosa M. Rinehart became a joint maker. The decision of this question will turn upon the legal effect, if any, to be given to the writing first indorsed on the note.

It is earnestly contended that by the indorsement Rosa M. Rinehart became a joint maker of the instrument. With this contention we cannot agree. It is undoubtedly true that one may become liable as a joint maker of a promissory note without reference to the position of his signature, whether it be found upon the face or back of the note, if it be shown by satisfactory evidence that the parties signing did so as joint makers. In other words, it is immaterial upon what part of the paper the signature of a party may appear, provided it be shown by satisfactory evidence that in signing it he did so intending to become a joint maker. Lincoln vs. Hinzey, 51 Ill. 435, goes to this extent, but no farther. Ordinarily the signatures of parties to negotiable instruments have a well-understood position on the paper. The payee is named in the body of the note, the makers sign it upon its face below the body of the instrument, and the indorser or guarantor signs his or her name upon the back. Under the foregoing rule, however, the position of the names is not of controlling importance if an intention be satisfactorily shown to bind the parties as makers or guarantors. In this case the note was made and signed in corformity with the usual and ordinary custom. It was made payable to Rosa M. Rinehart and signed at the bottom by E. N. Rinehart, Philip Kistner, and Ph. Wiwi. The name of Rosa M. Rinehart was signed upon the back, which made her an indorser in blank unless the words preceding her signature show a different intention, and the person to whom she delivered it, so indorsed, became the legal owner, authorized to maintain an action upon it. Hurd's Rev. St. 1903, p. 1278, c. 98, sec. 4. "In its most general and literal signification an indorsement is an incidental or subsidiary writing upon the back of the paper or document to the contents of which it relates or pertains." 4 Am. & Eng. Ency. of Law (2d Ed.) 256. "It may consist merely of the name, commonly called an indorsement in blank, or it may be limited or specific; but under the law merehant its legal effect includes properly, first, a transfer of title to the instrument indorsed; and, secondly, unless otherwise limited, an additional promise to pay the same." Id. 257.

In determining what, if any, legal effect can be given to the words, "I hereby acknowledge myself a principal," etc., it must be borne in mind that Rosa M. Rinehart was at the time of the indorsement the payee of the note, and not a stranger or third party. The contention that she became a joint maker of the note payable to herself, under the well-settled rule, also insisted upon by counsel for appellant, that a note payable to the maker is without legal effect until assigned, renders the whole transaction a nullity, which we cannot presume was intended. An attempt to become the principal maker of a negotiable instrument with one of several makers is an anomaly in the law. Of course, it may be done, but the evidence of that intention must clearly appear, and to give the indorsement in this case that effect would destroy the negotiability of the instrument and do violence to the intention of Mrs. Rinehart. She manifestly intended to assign the note to Hettie J. Peters. What purpose she may have had in the use of the language preceding her signature can only be a matter of conjecture. Probably it was with some idea of enlarging her liability as indorser. But however this may be, we will not attribute to that language the intention of relieving the makers of all legal liability. The name of the payee upon the back of a negotiable instrument will transfer the legal title to the same, and it makes no difference that there is written about it language enlarging the liability of the indorser, such as a guaranty of the payment of the note. Heaton v. Hulbert. 3 Scam. 489; Herring v. Woodhull, 29 Ill. 92, 81 Am. Dec. 296; Judson v. Gookwin, 37 Ill. 286.

Our conclusion is that the language, "I hereby acknowledge myself a principal maker," etc., may be stricken out as surplusage, without legal meaning or effect, and that under the allegations of the declaration the signature of Rosa M. Rinehart makes her an indorser. In other words, the indorsement, unexplained, does not show an intention other than to assign and transfer the legal title of the instrument to the appellee.

As to the correctness of the ruling of the trial court in permitting the indorsement, "for value received," etc., preceding the writing first placed on the note, little need be said. If the indorsement was, in legal effect, in blank, as we think it was, the assignce had the authority to write any words over the signature consistent with the contract of indorsement, and she might do that at any time before or during the trial of the case. Vansant v. Allmon, 23 Ill. 30; Maxwell v. Vansant, 46 Ill. 58; Boynton v. Pierce, 79 Ill. 145. Furthermore, the defendant, having demurred to the declaration and elected to stand by his demurrer, was in no position to object to that indorsement. He was in no way injured by it.

We concur in the judgment of the Appellate Court, and it will accordingly be affirmed.

Judgment affirmed.

CHECK — CONTRACT OF ACCEPTANCE — INDEPENDENT PROMISE TO PAY—LANGUAGE MUST BE CLEAR, UNEQUIVOCAL—LIABILITY OF DRAWEE.

FIRST NAT. BANK OF ATCHISON VS. COMMERCIAL SAVINGS BANK.

Supreme Court of Kansas, Nov. 10, 1906. Rehearing, Dec. 8, 1906.

To hold the drawee of a check liable on an independent contract to pay, it will be necessary to show language used that clearly and unequivocally imports an absolute promise to pay.

In reply to an inquiry, "Is J. F. Donald's check on you for $350 good?" a bank wired back, "J. F. Donald's check is good for sum named," and it is held that such response was not a clear, unequivocal promise to pay the check.

Burch, *J.:* J. F. Donald, having funds on deposit with the First National Bank of Atchison, Kan., drew a check upon it for $350, payable to Maria C. Donald or bearer, which he delivered to the payee. The payee indorsed and delivered the check to C. B. Bennett, who, in turn, indorsed and delivered it to the Commercial Savings Bank of Adrian, Mich. Donald stopped payment of the check before it was presented for payment, and the Michigan bank sued the Kansas bank for the face of the check and interest, claiming it had been accepted in writing, and that it had been purchased for value on the faith of such acceptance. The petition was framed upon the theory that an acceptance is disclosed by the following telegrams:

"Adrian, Mich., Oct. 15, 1903. First National Bank, Atchison, Kansas. Is J. F. Donald's check on you $350 good? Commercial Savings Bank."

"Atchison, Kas., Oct. 15, 1903. Commercial Savings Bank, Adrian, Mich. J. F. Donald's check is good for sum named. First National Bank."

A demurrer to the petition was overruled and an objection to the introduction of any evidence under the petition was likewise overruled. The case was tried before a jury, and a demurrer to the plaintiff's evidence was overruled. The court properly reserved the interpretation of the telegrams to itself, but it instructed the jury as follows: "If the jury believe that plaintiff bank, on being requested to purchase J. F Donald's check for $350, made inquiry of defendant bank by telegraph as follows: 'Is J. F. Donald's check on you, three hundred and fifty dollars, good?'—and you further find that said bank on the same day by telegraph answered plaintiff's said inquiry as follows: 'J. F. Donald's check is good for sum named,' and then that plaintiff bank bought said check on the faith of said telegram, or acceptance, and paid therefor a valuable consideration, then your verdict should be for plaintiff, and against the defendant bank, for the full amount of said check, together with interest thereon from October 17, 1903, at the rate of 6 per cent. per annum. But, if you find the facts to be otherwise, your verdict should be for the defendant bank." A verdict was returned for the plaintiff, and the question is if the trial court was correct in holding throughout the case that a contract of acceptance was made by the telegrams.

Of course, there is no dispute that the transaction is governed by sections 547 and 548, Gen. St. 1901, which read as follows:

"No person within this state shall be charged as an acceptor of a bill of exchange, unless his acceptance shall be in writing, signed by himself or his lawful agent.

"If such acceptance be written on paper other than the bill, it shall not bind the acceptor, except in favor of a person to whom such acceptance shall have been shown, and who, in faith thereof, shall have received the bill for a valuable consideration."

In the case of Shutt v. Erwin, 66 Kan. 261, 71 Pac. 521, which interprets section 547, the syllabus reads: "The drawee of a bill of exchange or an order to pay money is not liable in an action thereon by the holder until after he has accepted such bill or order in writing." And the syllabus of the case of Eakin v. Bank, 67 Kan. 338, 72 Pac. 874, is as follows: "A bank check is a bill of exchange within the meaning of section 548 of the General Statutes of 1901, providing that an acceptance of a bill of exchange written on paper other than the bill 'shall not bind the acceptor, except in favor of a person to whom such acceptance shall have been shown, and who, in faith thereof, shall have received the bill for a valuable consideration.' "

Neither is there any dispute that the written acceptance contemplated by the statute may be made by telegrams. 7 Cyc. 765. The order contained in a check is for payment in money instantly upon demand. No presentation for acceptance and no acceptance is contemplated, as in the case of an ordinary bill of exchange. The bank is under no obligation to do other than pay, and the obligation to pay runs to the maker, and not to the holder. If it refuse to pay when it has funds of the maker in its possession subject to check, the holder has no remedy against the bank. He must look to the maker. When an ordinary bill of exchange is presented for acceptance, the drawee is under the positive duty of accepting or refusing to accept, and, if acceptance be not plainly negatived by whatever he does, he will be bound as an acceptor, because acceptance is something contemplated by the bill itself. A request upon a bank that it accept a check is a request for the creation of a legal relation between the holder and the bank, wholly without and beyond the purview of the paper. If such relation be established, it imposes upon the bank a liability to a party to whom it was not before bound at all, and it converts the privilege of the bank to pay if in funds into an absolute and unconditional duty to pay, no matter what may be the state of the depositor's account. Any one claiming to be the beneficiary of a contract of this kind independent of and collateral to the check must clearly show that the bank intended to make it. Neither law nor custom binds parties to the use of any set formula in arranging an acceptance. They may choose their own words. Brevity is not simply allowable, it is commendable; but in all cases there must be no doubt that an absolute promise to pay was made. If the transaction involve two writings, a proposition and a response, they should be construed together.

The true principle governing the interpretation of communications like the telegrams between the parties to this suit was grasped and stated in the case of Rees against Warrick, 2 Barn. & Ald. 113. In that case the drawer wrote to the drawee as follows: "Yesterday we valued upon you, favor W. Johnson and Co. two months for 100 l. which please to honor." The drawee replied: "Your bill 100 l. to W. Johnson and Co. shall have attention." It was held by Abbott, C. J., that, to make a letter an acceptance, it ought to be in terms which admit of no doubt; that the phrase "shall have attention" is at least ambiguous; that it may mean the drawee would examine and inquire into the state of the drawer's account for the purpose of ascertaining whether or not the bill would be accepted; and that, unless the words used import a clear and unequivocal acceptance, no recovery may be had. Holroyd, J., said: "The very circumstance that it has been so often lamented that anything short of a written acceptance on the face of the bill should be held to make a party liable as acceptor shows the inconvenience that arises from the great uncertainty which is thereby introduced. In this case the words contended to be an acceptance are that the bill 'shall meet attention.' The defendant does not say, as in Wynne v. Raikes, that the bill 'shall be paid and accepted'; but, in fact, only that he will attend to it. Consistently, then, with these words it might depend on the state of the account between them, whether he would accept the bill or not." Tested by this rule the defendant's telegram does not express an acceptance. The inquiry indicates no clear intention to extract from the bank a new contract to pay independent of its duty to Donald. It is entirely consistent with the expression of a simple desire for information relating to Donald's standing at the bank. It fairly means: "Is J. F. Donald's account with you sufficient to make his check for $350 good?" The answer is strictly responsive to the inquiry. It indicates no clear intention to make Donald's check good whenever presented and whatever the condition of his account. It is entirely consistent with the simple purpose to state Donald's standing at the bank on the day of the telegram. It fairly means: "Donald's account is now sufficient to meet a check for the sum named." The writings are not equal to the unambiguous and unequivocal, "Will you pay?" and "We will pay."

There is no occasion to consider what words indorsed upon a check and signed by the drawer will amount to a certification when the check is put into circulation upon the credit of the indorsement. Donald, upon his own request, became a party to the action. The court instructed the jury to find in his favor if it found in favor of the defendant bank, and, under direction of the court, a verdict was returned for Donald upon which judgment was rendered. Manifestly this judgment cannot now stand. It is therefore reversed, and the cause as to Donald remanded for further proceedings.

The judgment against the defendant bank is reversed, and the cause remanded, with instruction to sustain its demurrer to the petition. All the justices concurring.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

CROWN—BANKS AND BANKING—FORGED CHECKS—PAYMENT—REPRESENTATION BY DRAWEE—IMPLIED GUARANTEE — ESTOPPEL — ACKNOWLEDGMENT OF BANK STATEMENTS—LIABILITY OF INDORSERS—MISTAKE—ACTION—MONEY HAD AND RECEIVED.

BANK OF MONTREAL VS. HIS MAJESTY THE KING, ET AL. (38 Supreme Court Reports, p. 258).

STATEMENT OF FACTS: Full particulars of the facts in this case will be found in the report in THE BANKERS' MAGAZINE for the month of October, 1906, at page 626. Briefly, it will be remembered that a clerk in one of the Government departments at Ottawa forged departmental checks to the amount of over $70,000; deposited them in the Quebec Bank, Sovereign Bank, and the Royal Bank, to whom the checks were paid by the Bank of Montreal and charged against the Government. The Government sued the Bank of Montreal for the amount of the checks, and that bank claimed as against the other three banks to be repaid.

The trial judge and the Court of Appeal for Ontario gave judgment against the Bank of Montreal on both branches.

JUDGMENT (GIROUARD, DAVIES, IDINGTON, MACLENNAN AND DUFF, *JJ.*): On the first branch of the case the court was unanimous in holding the Bank of Montreal liable unless the Crown was estopped from setting up the forgery under Section 24, par. 1, of "The Bills of Exchange Act," as amended by 60 and 61 Vic. Cap. 10. The court was also unanimous in holding that as against the Crown the principles of estoppel could not be invoked; while Girouard and Maclennan JJ., went farther and held that under the circumstance there would have been no case of estoppel even against a private person.

On the second branch of the case, namely, the right of the Bank of Montreal to be reimbursed by the three banks with whom the forged checks had been deposited and to whom the Bank of Montreal had made payment, careful judgments were written by several of the judges, all being in accord with the principles laid down in the following extracts in the judgment of Mr. Justice Davies:

"The general doctrine asserted and supported by such very high authorities is that the acceptor of a bill or check is presumed to know the handwriting of the drawer; that it is rather by his fault or negligence than by mistake if he accepts or pays on a forged signature, and that once paid he cannot on discovery of the forgery recover back the money irrespective of equities.

The rule contended for makes no distinction between the bona fide holder of a bill or check ignorant of the forgery who has discounted or paid money for the bill or check before he presents it for payment, and one who does so only after the payee has honored the bill or check relying upon the representation of the genuineness which may be said to be made by the payee, and before having any notice or knowledge of the forgery.

In the one case it is obvious that the holder having first paid out his money on the faith he himself had in the genuine character of the bill or check or in the credit and responsibility of the person from whom he received it, could not be said to have relied upon the subsequent act of the payee in paying the bill or check, while in the other case he may well have done so. But no such distinction was made in the case of Price vs. Neal, relied on. As a matter of fact, the holder of the first bill in that case appears to have paid for it to the person from whom he received it before it was presented to and paid by the drawee. The rule proceeds upon the idea that a banker's supposed duty to know his customer's signature can be invoked as well by a third party (the holder of the bill) as by the banker's customer. So far as the rule has been held applicable to the case of a holder who cannot be said in any way, in parting with his money, to have relied upon any act or representation of the drawee in paying the bill or check on presentation and not to have altered his position or been prejudiced in any way in consequence, it has been subject to much criticism and challenge.

The rule has only been embodied in the 'Bills of Exchange Act' so far as acceptances are concerned, nothing being said as to the effect of payment. The extent to which section 54 of the act applies with regard to acceptances is not now before us. If the rule laid down so broadly in Price vs. Neal is to be held in force now, it must be as part of the law merchant, and it is at least significant that the act is limited to declaring the effect of acceptances of bills, while the effect of payment is not referred to.

As there is no indorser on any of these checks to whom notice of dishonor had to be given in order to hold them liable, and the rule laid down in Cocks vs. Masterman, as explained and qualified in Imperial Bank of Canada vs. Bank of Hamilton, cannot be invoked, I prefer to rest my judgment in the case of all of the three banks substantially upon the ground on which the Court of Appeal determined them, namely, that by paying the checks to the persons presenting them the Bank of Montreal represented to them that the checks had in fact the genuine signatures of the drawers, and if upon the faith of that implied representation the holders of the checks received the moneys, as I think they did, and subsequently paid them away to the person who deposited the checks with them or otherwise had their position altered to their prejudice, respectively, in consequence of such implied representations and in ignorance of the forgeries, they cannot be compelled subsequently by the drawee who paid the money, on discovering that the checks were forgeries, to pay back the money.

For these reasons I think the appeal should be dismissed with costs, as well against the King as against the three several banks."

FIXTURES—CHATTELS—BANK SAFE BUILT INTO RENTED PROPERTY—LANDLORD AND TENANT, AGREEMENT BETWEEN AS TO REMOVAL OF PROPERTY AFTER TERMINATION OF TENANCY—EFFECT ON SUCH AGREEMENT OF SUBSEQUENT SALE OF PREMISES.

THE CANADIAN BANK OF COMMERCE VS. LEWIS (12 British Columbia Reports, p. 398).

STATEMENT OF FACTS: The Bank of British Columbia, predecessors in title of the plaintiffs, rented a wooden building from the Canadian Pacific Railway Company in which they placed a bank safe. At the request of the bank a brick vault was built about this safe and a cement foundation was constructed on which it rested of its own weight. No door of the building was wide enough to permit the removal of the safe, which could only have been taken out of the building by tearing down the brick work and removing part of some wall. After a time the Bank of British Columbia vacated the premises, leaving the safe inside the vault, but reserving the right by an agreement with the Canadian Pacific Railway to remove the safe on making good all damages. New tenants moved in who used the safe for ten years, and then the defendant purchased the property from the Railway Company without any knowledge that the plaintiffs had any interest in the safe. Afterwards the bank brought this action to recover the safe, and the county judge gave judgment in their favor.

Judgment (Hunter, *C. J.;* Morrison, *J.;* Martin, *J.*, dissenting): There can, I think, be no doubt that the safe when enclosed in the vault became a fixture, and has remained such ever since, as it is impossible to remove it without tearing out some portion of the building. It seems to me hopeless to contend that it could be taken under a fi. fa. goods, or that a chattel mortgagee of the tenant could insist on removing it against the landlord's objection.

Although the safe became a fixture, the bank could of course remove it with the consent of the Canadian Pacific Railway Company as long as they were the only parties to deal with, but I think the right to remove it under the agreement was lost when the next tenant took possession; or at any rate when the defendant bought the premises. It is not pretended that she in any way recognized any right in the plaintiffs in respect of the safe when she bought, and any agreement between the Canadian Pacific Railway Company and the bank, not assented to by her, could not of course bind her.

The appeal should be allowed and the action dismissed.

INTEREST—BANK ACT, SECS. 80 *AND* 81—*BANK STIPULATING FOR USURIOUS RATE—REDUCTION TO MAXIMUM LEGAL RATE.*

BANK OF MONTREAL VS. HARTMAN (12 British Columbia Reports, p. 375).

Statement of Facts: This was an action brought by the bank to recover $5,337.35 principal and interest due upon certain promissory notes discounted by the defendant with the plaintiffs. The notes bore interest at the rate of twelve per cent., "as well after as before maturity." The defendant confessed judgment for the principal and contended that the bank could recover interest only by way of damages at the legal rate of five per cent.

Judgment (Martin, *J.*): It is contended by counsel for defendant that, because the bank has, contrary to the provisions of section 80 of the Bank Act, stipulated for and taken on the defendant's promissory notes a prohibited rate of interest, twelve per cent., the contract is illegal and void, and there being no contract of any kind for interest between the parties, the court will not make one for them, and all that the bank can recover is that rate authorized by the general law of interest, viz., five per cent.

Section 80 provides: "The bank shall not be liable to incur any penalty or forfeiture for usury, and may stipulate for, take reserve or exact any rate of interest or discount not exceeding seven per cent. per annum, and may receive and take in advance any such rate, but no higher rate of interest shall be recoverable by the bank; and the bank may allow any rate of interest whatever upon money deposited with it."

The solicitors for the bank contend, however, that this must be read in conjunction with section 81, which provides: "No promissory note, bill of exchange or other negotiable security discounted by or indorsed or otherwise assigned to the bank, shall be held to be void, usurious or tainted by usury, as regards such bank, or any maker, etc., * * * by reason of any rate of interest taken, stipulated or received by such bank; * * * but no party thereto, other than the bank, shall be entitled to recover or liable to pay more than the lawful rate of interest in the province where the suit is brought, nor shall the bank be entitled to recover a higher rate than seven per cent. per annum."

Reading these two sections together, as they must be read, it would be impossible to hold the contract void; the intention is clearly that it shall be invalid only in so far as it stipulates for more than seven per cent.

Judgment will therefore be entered for the plaintiffs with costs, with interest calculated at that rate.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

DRAFT PAYABLE IN EXCHANGE.

BROOKINGS, S. D., May 26, 1907.

Editor Bankers' Magazine:

SIR: We understand you have a page "Answers to Queries" for subscribers to your MAGAZINE, and we would like information regarding the following question. A South Dakota bank A draws a draft on South Dakota bank B in favor of its St. Paul correspondent. The St. Paul bank sends same for collection to South Dakota bank C and bank C presents it at B's counter for collection. Draft is regular except that it reads "Payable in Eastern exchange if desired." Has paying bank B or collecting bank C the right to choose whether currency or exchange be paid? Also would a South Dakota bank have the right to pay either currency or eastern exchange as it chooses, if the clause "Payable in eastern exchange if desired" was stamped or printed on its customers' checks? Or would any one presenting such a check have the right to demand either currency or eastern exchange?

I. E. Lees,
Assistant Cashier.

Answer.—We think that the proper construction of the phrase, "Payable in Eastern exchange if desired" is that it confers upon the holder the right to elect whether he will demand payment in money or exchange. The words "if desired" are apt terms if applied to the holder, but are not so if applied to the bank on which the check is drawn.

COUNTERMANDING CHECK.

Auburn, N. Y., May 17, 1907.

Editor Bankers' Magazine:

Sir: If the following question is deemed worthy of a reply in your Magazine, we should be pleased to have it answered.

Does a bank incur any liability or run any risk by following its depositor's instructions to stop payment upon a check? Should the bank require guaranty of its depositor?

Teller.

Answer.—It is well settled in New York state that an ordinary uncertified check upon a general bank account confers no right upon the payee which he or any subsequent holder can enforce against the bank, and that such a check may be countermanded and payment forbidden by the drawer at any time before it is actually cashed. (O'Connor vs. Mechanics' Bank, 124 N. Y. 324; Florence Mining Co. vs. Brown, 124 U. S., 385, 391.) This rule is now embodied in the Negotiable Instruments Law, which provides that "a check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder, unless and until it accepts or certifies the check." (Sec. 325.) When, therefore, the drawer directs the bank to refuse payment of an uncertified check, it should comply with his directions, since such instructions operate as a revocation of the authority to pay. And in doing this the bank incurs no risk.

PROTEST OF CHECK.

Peoria, Ill., May 24, 1907.

Editor Bankers' Magazine:

Sir: A certain national bank operates a savings department, issuing a special pass-book therein, containing rules covering the receipt and withdrawal of deposits, one of which is as follows: "Any depositor wishing to withdraw part or all of his deposits, is requested to bring his deposit book to the bank, that the payment may be entered therein." A check is issued against an account in this department and is indorsed in another state and sent for collection to another bank in the city in which drawee is located, check being unaccompanied by pass-book, and payment is refused for that reason, notation being made on the check, that it must be accompanied by pass-book. In such case, is protest necessary in order to hold the endorsers? Also, does collecting agent incur any liability for failure to have check protested? A reply to the foregoing questions in your department of "Law Questions Answered" will be appreciated.

William Hazzard,
Assistant Cashier.

Answer.—We do not see why this case is not within the general rule, that where the paper is dishonored the indorser must be given notice. He is entitled to notice of that fact, no matter for what reason payment may have been refused; and the omission of this requirement would discharge him from liability on the check. But in the case stated, the neglect to give notice might be only a technical breach entitling the holder of the paper to nominal damages; for if the check should afterwards be paid upon the production of the deposit book, the holder would have lost nothing. For, as was said in First National Bank of Meadville vs. Fourth National Bank of New York (77 N. Y., 320; S. C. 89 N. Y., 412): "In all these cases the negligence of the agent being established, it is a question of damages; and the agent may show, notwithstanding his fault, that his principal has suffered no damages, and the recovery can then be for nominal damages only."

Rochester, N. Y., May 3, 1907.

Editor Bankers' Magazine:

Sir: A is the president of a manufacturing corporation, and has the general management of the affairs. The company's account is kept in this bank, and A also keeps here an individual account. A brings to us a note made to his own order and indorsed in the name of the corporation, and requests that the note be discounted and the proceeds placed to his individual account. If we should do this, could we hold the company as indorser?

Vice-President.

Answer.—No. Where the maker of a note which is payable to his order and purports to be indorsed by a corporation procures it to be discounted for his own benefit, this of itself, if unexplained, is notice that the indorsement is not made in the usual course of business, but is for the accommodation of the maker. (National Park Bank vs. German-American Mutual Warehousing and Security Company, 116 N. Y. 281.) And it is well settled that no corporations organized under the statutes of New York are authorized to bind the property of their shareholders by accommodation indorsements. (Fox vs. Rural Home Co., 90 Hun, 365, 367.) This rule has been enforced in many cases where the paper purported to be made or indorsed by manufacturing corporations. (Central Bank vs. Empire Stone Dressing Co. 26 Barb. 23; Bridgeport City Bank vs.

Empire Stone Dressing Co. 30 Barb. 421; Farmers and Mechanics' Bank vs. Empire Stone Dressing Co. 5 Bosw. 275; Wahlig vs. Standard Pump Manufacturing Co. 25 N. Y. St. Repr. 864; Filon vs. Miller Brewing Co. 38 N. Y. St. Repr. 602; Monument National Bank vs. Globe Works, 101 Mass. 57.)

FORM OF NOTE.

PARMA, MICH., May 18, 1907.

Editor Bankers' Magazine:

SIR: The following is a form of note we are using in the farming district of this county.

$100= Parma, Mich. May 18/07

Six Months after date I promise to pay to the order of the

Farmers and Merchants State Bank.

$100.00 Dollars

at the Farmers and Merchants State Bank, Parma, Michigan. Value received, with interest at seven per cent. per annum after date

And with the addition of ten per cent costs of collection or attorney's fee in case payment shall not be made at maturity.

And I hereby authorize any attorney of any court of record to confess judgment for me in any court upon this note for the amount of the aforesaid principal and interest and costs of collection at any time after the maturity of this note, if it be not paid at maturity. And I do hereby waive all stay of execution and all exemption from levy and sale under execution upon any judgment rendered upon this note after its maturity.

John Doe

No.______ Due______

Would you kindly give us through the columns of your valuable publication the right of way this note has in the event of forcing collection. The statement on the back lists the personal property and gives its value, besides giving knowledge of the real estate and its condition as to encumbrances. I am not clear as to just how far the bank would be permitted to go in its proceedings to collect the note. Certain property under the laws of this state is exempt. By signing the note can and does the party waive exemption, leaving the note a clear road under process of law, to be collected? Have asked the opinion of several attorneys, but have received no very satisfactory conclusion. They do not seem to know, when I remind them this state has the Negotiable Instruments Law. Would thank you very much for such information as you can give me.

W. H. BURLETSON.

For the purpose of securing the loan in amount stated in the within note, I represent that the following statement is true as made:

Real Estate 200 acres Value, $10000.00

Mortgaged for $3000

Liabilities other than Mortgage None

10 Horses, value $1500

40 Cattle, value $1600

100 Sheep, value $800

50 Hogs, value $500

Farms Produce, value $1700

Insurance, carried $5000

Expires Farmers Mutual

How much taxes paid $45.00

I further represent that I am concealing nothing which would reduce my credit, based upon the above statement, and if any change should occur exceeding $500.00 before the payment of this note, I will give immediate notice to this bank.

Signed John Doe

Answer.—The Negotiable Instruments Law provides that "the negotiable character of an instrument not otherwise negotiable is not affected by a provision which * * * waives the benefit of any law intended for the advantage or protection of the obligor." (Sec. 7, Michigan statute.) Very plainly, this would apply to a stipulation which waives the benefits of homestead and exemption laws. But the same section contains the further provision that "nothing in this section shall validate any provision or stipulation otherwise illegal." The effect of these provisions is this--that the stipulation for a waiver of exemption, whether valid or merely nugatory, does not destroy the negotiability of the paper. But the act does not attempt to validate such provision; it leaves that question to be determined by the other statutes of the state. In Michigan a homestead not exceeding forty acres and the house thereon are exempt from execution, and a married householder cannot sell or encumber such homestead without the consent of his wife. It is plain, then, that he could not waive the homestead exemption without his wife's concurrence. Nor could this object be accomplished by having the wife sign the note as joint maker, for her homestead right can be barred only by an instrument executed in the manner required by the statute for conveying the homestead. (Fisher vs. Meister, 24 Mich. 447; Showers vs. Robinson, 43 Mich. 502.) It will be observed, however, that much of the property included in the statement on the note would not be exempt from execution.

AMERICAN BANKERS' ASSOCIATION.

ATLANTIC CITY is to have the honor of entertaining the thirty-third annual convention of the American Bankers' Association, which will be held the week beginning September 23. The selection of this popular seashore resort as the place for the annual gathering of the bankers will be generally approved. Points on either the Atlantic or Pacific coast are not exactly central as to location, but in these days of quick transportation this objection does not have much weight. With very many bankers the travel and the opportunities thus afforded for seeing the country are highly valued.

In the November, 1906, number of THE BANKERS' MAGAZINE we ventured to point out some changes in the methods of procedure at the conventions, designed to popularize the meetings with the bankers who attend them. These changes are so obviously in the interest of the association that it is difficult to see how they can be disregarded.

Clearly, the reports of the various committees, and of the executive council, ought to be printed in advance, and only brought before the convention at all on the motion of some delegate. Reports of the secretary and treasurer should be made to the council, and the addresses of welcome ought to be reduced in number and length. If these suggestions were carried out, there would be time to devote to the discussion of live topics, and the delegates would not be so wearied with the routine proceedings that they would not even listen to the weightier papers and addresses. By the exercise of a little tact in arranging the programme the interest and practical benefit of the conventions could be vastly enlarged.

SAVINGS BANKS

NEW YORK SAVINGS BANK ASSOCIATION.

THE annual meeting of the Savings Banks Association of the State of New York was held at the Chamber of Commerce, New York city, May 17, W. B. Van Rensselaer, president of the Albany Savings Bank, presiding. In his annual address, he said:

"During the year 1906 the open accounts on the books of the 135 savings banks of this State were 2,685,809, showing an increase of 116,030 accounts.

The deposits, including the interest accrued, have increased during the year $89,682,473.66, and on the 1st of January, 1907, stood at $1,363,035,836.57. The par value of the surplus has increased from $85,282,733.63 to $102,192,265.16.

The depreciation in the market value of all first-class and conservative investments has been considerable, but as savings banks generally expect to hold their investments until maturity the fluctuation in the market is of small concern. As a matter of fact, this very depreciation enables us now to invest at prices that produce so much more income that more than half of the banks in this association on the 1st of January paid the depositors interest at the rate of four per cent., and probably several more will be able to increase their rate to four per cent. on the next interest day should their trustees consider it a wise policy to do so.

The question has again been raised in regard to computing the twenty-five per centum of the assets of the bank which may be loaned or invested in railroad bonds. Mr. Kilburn, the former Superintendent of Banks, ruled that the twenty-five percentum must be computed on the basis of the cost of the bonds at the time of purchase, but the present superintendent, Mr. Keep, has reversed that ruling, and in a letter to me he says: 'I think it tolerably clear that either market value should be the basis of computations under the last paragraph of section 116, or, at any rate, that the principal of amortization should be taken into account, and the original investment of the bank in the bonds of a particular company should be considered as reduced year by year by the amount necessary to absorb the premium paid during the life of the bond. The matter is one that might well have the consideration of the Savings Bank Association with a view to reaching a definite understanding.' "

The election of officers resulted in the re-election of President Van Rensselaer and the election of the following: Walter Trimble, New York, vice-president; W. J. Coombs, Brooklyn, chairman of the executive committee. William G. Conklin, of New York, was re-elected secretary, and Samuel D. Styles was re-elected treasurer.

Immediately after the election of officers a discussion regarding savings banks investments was taken up. It was led by Andrew Mills, president of the Dry Dock Savings Bank, New York, and was participated in by Charles A. Miller, vice-president of the Savings Bank of Utica; Charles E. Sprague, president of the Union Dime Savings Institution of New York; W. J. Coombs, president of the South Brooklyn Savings Bank; Charles E. Stone, of Syracuse, and others.

Charles H. Keep, Superintendent of the State Banking Department, made an address, in part as follows:

"If our savings bank system has a weak spot, it lies in its partial failure on the ground of accessibility. Men will save if they pass the door of a savings bank daily, but will put off the day for saving if they have to go twenty or thirty miles by train to a savings bank, and take a day off for the purpose. A strong argument for postal savings banks is their accessibility. This argument gains strength if other systems fail, or partially fail, in this particular.

We find trust companies in other States advertising in New York State publications for savings deposits to be sent by mail. Our own trust companies and banks are opening 'interest departments' and adopting the pass book system, the savings bank system of dealing with their depositors. This has been declared legal by the highest court of the State. Almost the only protection left to the savings banks is the statute forbidding the use of the word 'savings' by other institutions in their title and in their advertisements.

The Banking Department has favored branch savings banks, but I am told that savings banks generally take little interest in this suggestion. The recommendation will naturally meet some opposition from people who are now getting a profit from strictly savings deposits. It will be futile if the savings banks themselves take no interest in the establishment of branches."

EDUCATIONAL ADVERTISING.

MANY people do not know what a savings bank really is, and are therefore in need of education. The Greenwich Savings Bank of New York city publishes the following along this line in connection with its statement, under the head of "Information for Depositors:"

"Savings banks in the State of New York are institutions created for the purpose of encouraging thrift and the habit of saving on the part of the working classes.

They are under the constant supervision of the State, and the classes of securities in which they may invest their deposits are named and limited by law.

They have no capital and issue no stock.

All the earnings belong to and are held for the benefit of the depositors.

The trustees give their services gratuitously, and are not allowed to borrow, directly or indirectly, any of the money deposited.

Under the law interest can be paid only on sums not exceeding a total deposit of three thousand dollars from any one depositor.

Surplus earnings after paying dividends are allowed by law to be accumulated to the extent of fifteen per cent. of the total amount on deposit, in order to insure to the depositors the full return of their principal and interest in the event of loss arising from depreciation in the market value of the securities owned by the bank, or from any other causes whatsoever.

So-called 'unclaimed deposits' are those in which no transactions have been had by depositing or withdrawing moneys during a period of twenty-two (22) years, at the end of which time interest ceases to be credited. The amount of such deposits in the aggregate is not large, and consists mainly of small balances. Until called for, the interest earned on such deposits accrues to the benefit of all the depositors by being added to the surplus of the bank."

TO THE DEPOSITOR WHO IS GOING TO INVEST.

ONE of the many good things a savings bank may do is to counteract the disposition of wage-earners to be beguiled by the many alluring investment schemes offered in the newspapers. Of course, there comes a time when the depositor in a savings bank may have accumulated enough money to justify him in becoming an investor on his own account. Even in such cases the advice of his bank may be sought with advantage. But it is the man who has saved up a few hundred dollars as a provision against the rainy day who is often tempted to withdraw his savings to "invest" in some scheme promising large profits. Such schemes are nearly always speculative, involving risks which none but a capitalist can afford to take.

The Cleveland Trust Company, which is doing some particularly effective advertising, in a recent pamphlet offers the following advice to the depositor who is going to invest:

"We would say, first think it over again. The money you have saved and safely stored in your savings bank represents much to you. It stands for thrift and labor. Yet possibly you are turning it over to a promoter, because he says he can make a fortune for you. You don't know him, and have never seen him. Whether he has been a success or a failure in business is something to which you have given no thought. He claims that he has a wonderful invention, a great industry, a fabulously rich mine, etc., and announces that his stock has doubled or trebled in value. First he secures a patient hearing, then your undivided attention, and finally you are tempted to take your money from where it is safe and practically throw it to the winds. Just think it over. You will agree with us that this kind of an investment is foolish. Don't invest unless you are sure you have something better than a reliable four per cent. savings account."

This is sound advice, and if it were given by all savings banks to their depositors and generally followed, the get-rich-quick schemes would languish.

PRACTICAL BANKING

APPROVED FORMS OF BANKING STATIONERY.

BY JAS. P. GARDNER.

ONE feature that is commonly overlooked in the equipment of a bank is in the various forms used for acknowledgments and remittances. From among the many forms received from representative banks and used in their daily business, a few of the most practical are submitted.

Every teller can testify to the number of "differences" and loss of time due to lack of care in this particular. There is a great need for uniformity in banking stationery, as one of the leading Boston bankers points out, "in order to reduce the possibility of error as well as to aid in the speedy reconciling of accounts."

THE OCEANIC NATIONAL BANK

New York, ----- 190

You have credit for collections as listed below

Your No.	Date of Letter		Amount		

Yours truly,

________ Cashier.

FIG. 1.

Very often the compiling of the bank's forms is left to the printer, who is entirely ignorant of the needs of the case. What bank man of experience has not been misled by mistaking as paid some item that was really "entered for collection," to say nothing of the ceaseless controversies incident to the protest or non-protest of items; or perhaps has spent hours trying to find an item not properly described on the remittance sheet.

Over and over again the same errors arise, which, had the source of the error been sought out and corrected, would have prevented its occurrence. Of course, the human element enters largely into the discussion, and against the fallibility of which it is difficult to guard.

The following forms are considered of value, inasmuch as their simplicity enables one to grasp their meaning. An excellent form of advice of credit of collection is shown in Fig. 1. Possibly it would have been well to have allowed a column for expense or exchange charges. The advantage of a credit card of this nature lies in the fact that there is no possibility of misunderstanding it, as is the case where on the same card items are advised as entered for collection, cash items credited or items returned.

THE MERCHANTS NATIONAL BANK
OF PROVIDENCE, R. I.

....

Your favor of .... *instant is received with enclosures as stated.*

..................*Collection Items*	*Cash Items $* ....
..................*Returned* "	" " ....
	" " ....

....

....

Yours respectfully,
M. J. BARBER, Cashier.

FIG. 2.

In the next example (Fig. 2) this bank is careful to distinguish between an acknowledgment of receipt of the items sent, and an advice of their payment. Perhaps the chief cause of difficulty in this question of advice of credits lies in the fact that the bank in advising credit of items fails to express clearly and unconditionally to the bank sending the items that the same are paid. With this thought clearly before it, the corresponding bank can make no mistake in this particular.

Another cause of annoyance, and the origin of many an unfound "difference." lies in the careless manner in which banks forward their checks to their correspondents, often listing them on slips of paper without any description whatsoever. Thus if several $100 checks are forwarded in one letter, and the mail teller at the close of the day be $100 short, it is practically impossible for him to trace up the $100 items in the absence of any description. True, a description of the item might be placed alongside when it is received, but this, in the vast volume of business, is impracticable, and it is clearly incumbent on the bank sending the items in to describe them, briefly at least, on the inclosure form. Thus, a form drawn up on the plan outlined in Fig. 3 would be of great service to the receiving bank, and enable the teller readily to locate an item,

Drawn on	Payable	Amount	
Second Nat Bank	Calumet, Mich	100	00

FIG. 3.

and at the same time give little extra trouble to the bank forwarding the item.

Other examples of approved banking forms will be presented in subsequent numbers.

QUESTIONS RAISED CONCERNING ENDORSEMENTS, "PAY ANY BANK OR BANKER."

THIS pernicious endorsement often leads to confusion and error. Frequently the large banks in the city receive unpaid checks that bear the endorsements of two of their correspondents, returned for various reasons, and which bear the vague endorsement, "Pay any bank or banker." The question at once arises in the mind of the clerk charging the item back, which bank sent in the check, and it is generally necessary for him to take the time to find the letter of the bank sending in the item to make certain which account he is to charge.

Again, time items sent in for acceptance and collection bearing this endorsement, where they are left out for acceptance, as is the custom, and where the drawee wishes to return the item the same day to the bank leaving it for his acceptance, he frequently is in doubt unless he carefully noted which bank left the item, to whom to return it, and often is at a loss to know with whom to communicate should he have occasion to telephone about the item.

The New York Clearing-House has passed on this matter in a ruling of their committee where the opinion is expressed that this endorsement, "Pay any bank or banker or order" is a "qualified or restrictive" endorsement and that all prior endorsements upon items bearing such endorsements should be guaranteed.

This verdict, coming from such an authority, and with the few causes of error and delay resulting from this endorsement should lead to the abolishment of "Pay any bank or banker," and the use of the proper endorsement Pay (and then insert the name of the bank or trust company to whom the item is sent) or order, and whether a guarantee of private endorsements should be included in this endorsement stamp is a question that each bank will decide.

CLEARING-HOUSE NUMBERS OF NEW YORK BANKS.

THE list of the New York banks which follows will be of value to out-of-town banks, inasmuch as the Clearing-House number of each bank is set opposite the name of the bank, and this number may be placed on the remittance sheets as descriptive in lieu of the name of the bank which will save time when the numbers are learned, and be intelligible to the New York correspondent.

1	B'k of N. Y. Nat'l Bkg. Asso.,	53	Importers' & Traders' Nat. B'k,
2	Manhattan Company,	54	National Park Bank,
3	Merchants' National Bank,	59	East River National Bank,
4	Mechanics' National Bank,	61	Fourth National Bank,
6	Bank of America,	63	Second National Bank,
7	Phenix National Bank,	65	First National Bank,
8	National City Bank,	67	N. Y. National Exchange Bank,
12	Chemical National Bank,	70	Bowery Bank,
13	Merchants' Ex. Nat. Bank,	71	N. Y. County National Bank,
14	Gallatin National Bank,	72	German-American Bank,
15	Nat. Butchers' & Drovers' B'k,	74	Chase National Bank,
16	Mechanics' & Traders' Bank,	75	Ass't Treasurer U. S. at N. Y.,
17	Greenwich Bank,	76	Fifth Avenue Bank,
21	Amer. Exchange Nat'l Bank,	77	German Exchange Bank,
23	National Bank of Commerce,	78	Germania Bank,
27	Mercantile National Bank,	80	Lincoln National Bank,
28	Pacific Bank,	81	Garfield National Bank,
30	Chatham National Bank,	82	Fifth National Bank,
31	People's Bank,	83	Bank of the Metropolis,
32	Nat'l Bank of North America,	84	West Side Bank,
33	Hanover National Bank,	85	Seaboard National Bank,
36	Citizens' Central National Bank,	88	First Nat'l Bank, Brooklyn,
40	Nassau Bank,	91	Liberty National Bank,
42	Market & Fulton Nat'l Bank,	92	Produce Exchange Bank,
44	Metropolitan Bank,	93	New Amsterdam National Bank,
45	Corn Exchange Bank,	96	State Bank,
49	Oriental Bank,	97	Fourteenth Street Bank.

NEW YORK CLEARING-HOUSE CHARGES ON COUNTRY CHECKS.

BELOW will be found a list of points which the New York Clearing-House banks treat as discretionary, that is, cities on which, under the existing clearing-house rules they are not compelled to charge exchange for the collection of items forwarded to them, and also a list of the charges exacted for items in the various States by the New York Clearing-House banks. With this list before him a country banker can see at a glance that his New York correspondent can only treat as par items on a limited number of cities, and that on all other places the charge is rigidly exacted, the clearing-house banks having no discretionary powers in this particular, since the adoption of the rules on March 13, 1899, which went into effect April 3, 1899.

Discretionary.

Boston, Mass.;
Providence, R. I.;
Albany, N. Y.;
Troy, N. Y.;
Jersey City, N. J.;
Bayonne, N. J.;
Hoboken, N. J.;
Newark, N. J.;
Philadelphia, Penn.;
Baltimore, Md.

Charge of One-Tenth of One Per Cent.

For all items from whomsoever received (except on those points declared discretionary), payable at points in:

Connecticut,
Delaware,
District of Columbia,
Indiana,
Illinois,
Kentucky,
Maine,
Maryland,
Massachusetts,
Michigan,
Missouri,
New Hampshire,
New Jersey,
New York,
Ohio,
Pennsylvania,
Rhode Island,
Vermont,
Virginia,
West Virginia,
Wisconsin.

Charge of One-Quarter of One Per Cent.

Alabama,
Arizona,
Arkansas,
California,
Colorado,
Florida,
Georgia,
Idaho,
Indian Territory,
Iowa,
Kansas,
Louisiana,
Minnesota,
Mississippi,
Montana,
Nebraska,
Nevada,
New Mexico,
North Carolina,
North Dakota,
Oklahoma,
Oregon,
South Carolina,
South Dakota,
Tennessee,
Texas,
Utah,
Washington,
Wyoming,
Canada.

UNIFORMITY IN CHECKS.

IT is well understood that many evils exist which might readily be corrected but for the lack of an initiative force. The reform which now deserves our attention is not one which will gain champions by the pressure of the evil on any one individual or organization. It requires the voluntary support of all business men who wish to see a general annoyance and hindrance to the transaction of every-day business done away with. In this reform bankers should take the lead.

Once the necessity for uniformity in our checks is recognized, the reform will work itself out readily. Obviously, a check should be convenient in size, clear in arrangement, concise in wording. But it should be something more; it should be uniform with other checks in arrangement and size. Within the last few days I have noted a variance in the size of checks from over nine inches long and five inches broad, to less than five inches long and two inches broad. Doubtless the extremes are much greater.

If the maker of the check chooses to embellish it with his own likeness, or a rustic scene, or a rampant horse—that is his own concern, provided he adheres to a few simple rules of uniformity.

Thus it remains for some association or publication with the means of reaching a widely scattered and apathetic public to propose and promote a plan for uniformity. Banks and business houses, aroused from their indifference, and accepting this reform, will have their checks printed, as they have occasion to need them, in accordance with the suggestions for size and arrangement. Thus the reform will be accomplished without other inconvenience than that caused by the necessary delay.

As yet checks are not used so generally in this country as in England, but the increase in their usage is such as to predict an almost universal employment of them within a few years. Imagine having our national currency issued in innumerable sizes and arrangements. As the years go by the difficulties of inaugurating a uniform system will increase. The time for its accomplishment is now.

A WORD TO THE COLLECTION CLERK.

PERHAPS there is no better way of winning the approval of your city customer than to put yourself occasionally in the place of your bank's customer.

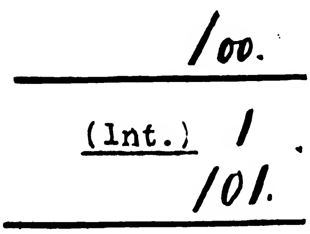
As this is a word to the collection clerk, in a friendly helpful way, how would *you* like, after having effected the sale of some merchandise and after having placed the goods in transit, delivering to your bank the draft and documents on the receipt of which the goods are to be delivered, only to receive the same a few days later with the enlightening and satisfying comment of the bank presenting the item, "notice left." Or perhaps the equally satisfying comment "out," "no attention," "no one in," "unable to collect" may be written on the item, and despite the fact that the shipment may be of such a nature that damage and loss will result to the shipper. Back come the papers, the magic formula has been followed—has not the draft been presented, then why not return it?

Without encouraging the promiscuous drawing of drafts which clog the country's banking machinery, it may be asked, how does our merchant feel when he has placed in his hands the draft and documents he despatched with so much hope, only to have them returned with such unintelligible reasons?

At once he knows of course there was a "notice" left and if the drawee was "out" would he never return; and *who* paid "no attention" to the presentation—the office boy? The drawee perhaps was very anxious to receive the goods. "No one in"? when? "unable to collect"? why? *Why* was the bank unable to collect? Would a conscientious painstaking presentation call forth no satisfying reason?

AN INTEREST MEMORANDUM.

A NEAT device by which the marking of a note is avoided is illustrated below. A dispute often arises by reason of the neglect of a corresponding bank to figure the interest on an interest-bearing note, but with this slip before him the clerk is not so apt to overlook figuring the interest, and in passing through the hands of the various men who handle the item, the interest, included with the principal, is clearly before him. The slip must of necessity be small. One end is gummed so that it will adhere readily to the note and is placed immediately under the figures in the upper left-hand corner of the note. Underneath the line which runs across the slip the amount to be collected is placed.



Sample of the Slip.

ON ACKNOWLEDGING THE RECEIPT OF NOTES.

THE custom of requiring correspondents to acknowledge the receipt of notes, whether under discount or forwarded for collection, by means of the return of a carbon sheet or a postal card on which an itemized list of the items is furnished, is proving very acceptable between banks. It affords a ready means of acknowledgment to the bank receiving the items, and at the same time it furnishes an excellent receipt to the bank sending the items who thus have before them under the signature of their correspondent an acknowledgment of the items over which no question can be raised.

A WORD TO THE COUNTRY BANKER.

YOUR city correspondent is perfectly willing to report your collections by number as far as is possible, but he draws the line when he is asked to return your letter and is very apt to ignore the request, "Please return this ticket, no letter necessary." If he did so, his records would be incomplete, inasmuch as he would have no letters on file to which to refer in case he wished to consult the letter of inclosure.

HOW TO GET WOMEN TO BANK AT YOUR BANK.

BY MRS. E. B. B. REESOR,

OF THE CROWN BANK OF CANADA, TORONTO.

ASK them!
Ask them again!
Keep on asking them!

And when they come to the bank, let them know that you are glad to have them come. Give them something to help them to save, and teach them in every way you can to keep on saving; but never, for one moment,

SAVINGS DEPARTMENT.

The Crown Bank of Canada, Toronto—showing part of stair-case leading from Women's Banking Room to The-Room-Where-Women-May-Rest. (This department is officered by women.)

allow them to know that they are being taught:—remember, it is always their own common-sense that guides them. These customers once gained are always yours, and they will bring others!

* * * * * * *

There are many ways in which a list of prospective customers may be compiled. The daily papers announce births, marriages, divisions of estates, new arrivals in town, the opening of new businesses—such as millinery establishments, dressmaking, art rooms, etc., etc., and as each day comes add to the list and use your own judgment in your manner of approaching the prospects—whether by written invitation or by a personal call.

The society blue books, city directories, year-books of churches, lodges, colleges, etc., all contain lists of live names which need not be copied into a book but can be taken at any time from the printed pages. Under your guidance your secretary can focus her attention upon, say 100 of these names at a time, find out the financial standing of the persons to whom they belong, and try to get in touch with those who have capital or are earning money, but who have no bank account. You need ask no favor of these people; you should not think that you are putting yourself out for them—it is the best kind of help all around, for money in a bank is for their use, is for the bank's use, is for the country's use—and it is the grandest practical lesson in helping people to help themselves that can be taught.

The Women's Room.

A great deal of thought can be put into the rooms that you tell women belong to them. People can see a grand salon in any big hotel or arts and crafts emporium: they can look over magazines in any public library, but a bank room can only be found in a bank—and that bank is their own bank. There they have their own business room with the teller's counter on one side of it, and the resting-room adjoining it. In the third room—the dressing-room—is a low sewing table with a comfortable chair beside it; the work basket is for them, and, in comfort and seclusion, they can put a stitch in a glove, or mend the skirt binding that a heel has caught into. If the wind has blown their hair, there is everything with which to rearrange it, and there is also a low lounge for the woman who has a sick headache and feels that she must lie down and be quiet.

In the other rooms there is the beauty of harmony in color and rest in furnishing. They are not like anyone else's rooms: they are for use, for comfort, for enjoyment. You have seen a copy—an only copy—of a work containing reproductions of great painters? That is the book for the table in the rest-room, the proper place for it, because there is only one in town, and your customers are the people in town who should have "only one" things. You have come to a standstill in front of the florist's because the flowers are so lovely? Some of those flowers are for your rooms—they will also give pleasure to the women who bank with you.

Have no chairs for show, but every one for use, and, if possible, have the women's room on a level with the street, so that customers still in go-carts may enter their banking-room without inconvenience.

It is the thought about these little things that brings women to your bank,—neither old ladies nor young babies like steps.

Possibilities of Bank Advertising.

The advertising can work wonders, but it is a subject so teeming with possibilities that I cannot begin to enter into it, and the end is away around a corner somewhere where it leads one's imagination a merry chase. Bank advertising is new, and the subjects it brings up are inexhaustible. The woman who is allowed to write and place the advertising while managing her own department is blessed, for the two blend together in such harmony that there is continual joy in the work.

But, with all the advertising there must be something sent out that belongs to the people to whom it is sent. Invitation cards, letters, statements of facts, are necessary literature, and the little car-ticket books, pen-knives and such gifts let them know that they are remembered, but there are thousands who read all we say, accept all we send, and really

WOMENS' BANKING ROOM.

Showing doors leading from vestibule and into the general offices, The Crown Bank of Canada, Toronto.

want to save, but don't seem to know how. We thought of these people for months in our bank, but hardly knew how to approach them. We wanted them, and knew that they needed us. Then the New York C. O. Burns people came along and solved the problem with their little pocket banks. They sent their solicitors where we could not send our people and undertook all the details of the bringing-in; and, as fast as they put us in touch with a new customer, we set to work and made a friend of that depositor until another dollar is added to the initial deposit and the pocket bank is filled and refilled. The habit of saving is fixed, and our bank is *the* bank.

These "C. O. Burns" (as we call them) have proved the strong, practical link connecting our advertising with the prospective customers we were trying to reach.

Value of Courtesy.

The officers in the Savings Department are young women—two tellers and two ledger keepers—and upon their courtesy, tact and business training depends much of the success of the Women's Department. It is personality and a touch of kindness that keep women banking with you; and, when selecting your staff, give great consideration to the applicants possessing these qualities. One sharp word, one cross look, may lose a cus-

CORNER IN WOMEN'S ROOM—SHOWING MANAGER'S DESK.
The Crown Bank of Canada, Toronto.

tomer that it has taken weeks of thought and advertising to get. The best friends your bank has are its well-satisfied customers; the worst enemy a bank can make is the woman who has been snubbed by an over-officious clerk. The irritable, self-assertive young woman should never be allowed to enter the service of a bank.

We are just beginning in our Women's Department, but though we have gone slowly, we are sure of our footing, and we see great possibilities before us. The Women's Department is going to equal any department in the bank, then—it may take a still higher place.

There must be big departments of this kind in United States banks. I should like to hear of methods used by their managers.

Toronto, Canada, June 6, 1907.

MANAGER OF THE WOMEN'S DEPARTMENT, THE CROWN BANK OF CANADA.

MRS. E. B. BUCHAN REESOR, organizer of the Women's Department of The Crown Bank of Canada, Toronto, is making a close study of the conditions and duties of banking life with a view to its adaptability as a paying profession for young women, and also, of women's adaptability for it. She is also seeking the best and surest means

MRS. E. B. B. REESOR,
Manager Women's Department, The Crown Bank of Canada, Toronto.

that can be used to induce women to open accounts and keep their money in banking institutions.

Mrs. Reesor is a Canadian by birth and education, but her initial business training was received from Doctor Joseph Y. Porter, Health Commissioner and yellow fever savant of the state of Florida, when his private secretary, and by his methods she has successfully shaped various organizations into working order.

Besides her work of organization, Mrs. Reesor is well known as a writer, and has filled the editorial chair of more than one newspaper. Her work in Northwestern Canada and in the Southwestern States brought her face to face with many phases of life, and, not content with writing of them from her own point of view, she made a practice, as far as possible, of living the life of the people who were to make "copy" before putting her ideas of them into print.

It was on account of her powers of organization and her ability to write of conditions from the inside that she was sought by the officials of The Crown Bank of Canada to organize a women's department. Just what were to be included in her duties the bank did not know, but there was a small staff of women clerks who must have a head and there were thousands of women in Toronto whom the Crown Bank wished to number among its depositors. Men did not seem to know how to handle the situation, and the officers of the bank thought that a woman might grasp it and bring it to a successful issue.

The first work handed over to Mrs. Reesor, upon assuming her bank position, was the bank advertising. If she could gain ready readers for her newspaper stories, why should she not make articles on banking just as interesting? She began to study banking from the outside, from the inside—from all 'round about, and, as she saw a good point, she made "copy" of it and made others see it too. Banking was no longer dry and uninteresting—it was live—throbbing with possibilities, it appealed to people's hearts as well as to their understandings; more—it touched their pocketbooks.

The Crown Bank of Canada's advertising is recognized as literature. The Savings Department, as it grew, also came under the supervision of the manager of the Women's Department, and another set of duties had to be assumed. Women coming to the bank to inquire about investments, loans, securities, etc., are interviewed by the woman manager. The facts, when ascertained, are put in a few written words before the chief executive, and without embarrassment upon the part of the inquirers or loss of time upon the part of the management, correct information is obtained, and a decision given.

The Crown Bank of Canada is the first bank where a Women's Department embraces so much and where the manager of the department has such scope. The department is no longer on trial, it has developed into a full-fledged reality—necessary to the bank's development and furthering its advancement.

In March, 1906, when Mrs. Reesor took her position as an official of The Crown Bank, there were eight young women on the bank staff; now (fifteen months afterwards) there are eighteen. There were then 200 women customers (for the bank had only been in existence one year and seven months); now there are between 7,000 and 8,000. The room set apart for a women's business office and resting-room was seldom entered; at present there are three rooms for the exclusive use of women and by actual count they are used by over 2,000 customers—women and children —during one month.

THE RAILWAY POINT OF VIEW.

THERE is something to be said on both sides of the railway problems with which the country is now grappling. Heretofore the critics of the railways seem to have had a monopoly of the discussion. In the interest of a full and free expression of opinion, by which alone correct conclusions can be reached, THE BANKERS' MAGAZINE gladly publishes

W. W. FINLEY,
President Southern Railway Company.

the following address, delivered by W. W. Finley, President of the Southern Railway Company, at the banquet of the North Carolina Bankers' Association at Winston-Salem, May 23:

MR. PRESIDENT AND GENTLEMEN: You will not expect a railway man to discuss any matter connected with the technique of banking, or to expound to you any theory of currency reform. There are members of your association who are much better qualified to speak on these subjects. I shall, therefore, talk to you on a matter with which I am more familiar, and to which I have been giving a great deal of careful consideration—The Relations of the Railways to the Business of the Country.

Banks and Railways Essential in Modern Business.

Two institutions which do not directly participate in the production of tangible commodities, but which are essential to the success of every modern business, are the bank and the railway. It is the function of the bank to extend its credit to the producer and to act as his fiscal agent. It is the function of the railway to carry his goods to market. Without the bank and the facilities which it affords for credit and for the collection of his bills in distant markets, the business of the producer would be seriously hampered; without the railway, which affords him a way to the markets of the world, he would be restricted to supplying the needs of the consumers in his immediate locality. Every producer, therefore. be he farmer, miner, or manufacturer, if his business is to attain the highest measure of success, must deal with a bank able to supply all the credit he may need and with a railway able to handle his products and carry them to market promptly and satisfactorily.

It follows that every business man in every community is vitally interested in the strength and stability of the banking institutions of that community and in their growth with the growth of its business, and that he is equally well interested in the strength and prosperity of the railways serving his community and in their ability to increase their facilities so as to keep pace with the growing demands for their service. On the other hand, both the bank and the railway are vitally interested in the prosperity of the community. Their business can only grow with its growth and each must do everything within its power, consistent with good business management, to aid in the development of the community.

The bank, as an institution, does not make heavy demands upon the railway for transportation facilities. The commodity in which it deals does not require long trains of freight cars for its transportation, but is carried by express or registered mail. Nevertheless, no institution in any community is more vitally interested in the adequacy of the transportation facilities of that community than is the bank. Its business can grow only as a result of the increase of the general volume of business done by its customers, and the extent to which their business can grow is limited absolutely by the maximum capacity of the carriers on which they must depend for the transportation of their goods to market. It will be seen that the interests of the bank, the railway, and the business man are thus identical at every point of contact and if either one is to attain the fullest measure of prosperity, it must be very largely as a result of the prosperity of the others.

The truth of this would seem to be self-evident. Yet it has not always been appreciated by all the people. There have been times when there has been popular opposition to banks and when legislation has been proposed in some localities that would impose serious burdens upon them and greatly increase the difficulty of transacting their important business.

This unreasoning opposition to banks has disappeared, in most sections of the United States, at least. It has recently been the turn of the railways to go through a similar experience. Many of our fellow-citizens who have not given the subject careful, personal consideration, have been misled into participation in an unreasoning agitation against railways and some of the State Legislatures, following what they have believed to be the demands of the people, have enacted laws, the tendency of which must inevitably be to cripple the transportation facilities of the country just as surely as its banking facilities would be crippled by unwise legislation directed against banks.

Reasonable Governmental Regulation.

The business of the bank and of the railway is such that both can properly be subjected to certain reasonable governmental regulation. No sound objection can be made to such a measure of governmental regulation of the banking business as is necessary to give assurance to depositors of the reasonable safety of their deposits and to prevent extortion and the unjust treatment of borrowers. When legislation affecting banking interests goes beyond these bounds of proper regulation, it becomes destructive and injures every business man in the community fully as much as it injures the bank. In the same way, there can be no sound objection to the proper regulation of the railway, so far as it may be necessary to prevent discrimination and unreasonable charges. But, legislation that goes further and destroys or cripples the ability of the railways to maintain and improve their service will be highly injurious to every interest in the community.

As bankers, you are familiar with business conditions throughout this state and throughout the country. You are especially familiar with conditions in the Southern States. You know that the greatest need of this section at the present time is increased transportation facilities. As bankers, you know that it costs money to build a railway, to buy cars and locomotives, to lay double tracks, and to acquire and equip terminal properties. You know that the net income of a railway is entirely inadequate for the provision of funds necessary for the improvements that are imperatively needed, and that these funds can be obtained only by the sale of new capital securities, and you know that these securities can be sold successfully only if investors can be assured of the maintenance of the earning power of the roads.

The banker knows the relation between earning power and credit. It is a matter with which you deal in your daily business. When one of you has surplus funds on hand which he wishes to invest in corporate securities, the first thing he examines into is whether the earning power of the corporation issuing the securities is such as to guarantee the regular payment of interest or dividends and to make it reasonably certain that the securities can be sold again for at least as much as was paid for them. When a customer applies to your bank for a loan and offers stocks or bonds as collateral, the first thing you ask is whether the stocks are paying dividends or the bonds interest, whether the earning power of the corporation issuing them is sufficient to assure the continuance of these payments and the maintenance of the market value of the securities. After the loan is made, if you ascertain that the earnings of the corporation are declining so as to impair the market value of the securities, you promptly call on the borrower for additional collateral.

This is exactly what has been going on in recent months. Large capitalists and small investors, seeing railway net income decreased by the rapid rise in operating expenses, due to high prices of materials and supplies and advances in wages, have become alarmed by the tendency of state legislatures to impair still further the earning power of the railways by arbitrarily reducing their charges for service and to deplete their income by the imposition of heavy penalties for failure to perform impossible services. Holders of railway securities have been selling them and seeking other forms of investment. Few have been anxious to buy and prices have been depressed. You bankers and your brothers in the great financial centers of Europe, as well as of the United States, have been scrutinizing American railway securities with more than usual care when they have been offered as collateral. The result of your very proper conservatism has been to still further discourage investments in railway securities.

Money Markets Closed to Railways.

The effect of all this has been to bring about an anomalous state of affairs. At a time when the country as a whole is prospering as never before, when the only apparent obstacle to further advancement is the lack of adequate railway facilities, and when the managers of the railways are ready and anxious to carry out comprehensive plans for the improvement of their systems--plans that in the South alone would involve the employment of thousands of men and the expenditure of millions of dollars—the money markets of the world are almost closed to them and funds for the completion of work now under way have been obtained only by resorting to short-time loans at rates of interest much higher than could prudently be paid for the financing of any new undertaking.

It is universally recognized that if men are to be induced to put their money into any business enterprise, except a railway, they must have some assurance of a reasonable return on their investment, but many people seem to believe that a railway is different from any other kind of business; that earnings are not essential to its credit; that it has some unlimited and mysterious means of raising money, and that investors in railway stocks and bonds should be willing to supply all the funds needed for extensions and betterments, in the face of propositions to reduce arbitrarily the earnings upon which they must depend for returns on their capital. In short, investors in these securities are looked upon as a class apart—as persons not entitled to the same protection under the laws as is given to investors in bank stocks or in the securities of a cotton mill, or an iron furnace. This is a serious mistake. Investors in railway securities are our fellow-citizens—men and women, acting as individuals or collectively, through the medium of savings banks, insurance companies and other institutions. They are engaged in no blameworthy enterprise, but are devoting their money to building up a business, upon the success of which all other forms of business must depend.

Aside from the fact that the American sense of justice and fair play should guarantee to these investors that protection of just laws to which every American is entitled, self-interest should impel every man to do all in his power to bring about such a public sentiment toward the railways as will facilitate and hasten the betterment of their lines and equipment and the improvement of their service, rather than retard it. The importance of the best possible facilities for water transportation is universally recognized. Rail transportation is equally as important. In many localities it is all important. No community would deliberately obstruct its water highways, but it would be just as logical for it to do so as to place unnecessary obstacles in the way of railway construction or improvement.

I, as a railway man, entrusted with the management of a Southern railway, and you, as Southern bankers, are interested in everything that tends to aid in the development of Southern prosperity. I recognize the importance to the South of the development of Southern waterways and shall always advocate such development to the best of my ability, but water transportation is not sufficient alone any more than rail transportation is sufficient alone. Each must supplement the other, and each must be developed to the highest possible state of efficiency if the prosperity of the South is to continue. The farmer, the miner, and the manufacturer, and, through them, the banker, are all interested in this development of the highways to market, for the profitable production of any commodity in any locality or section is limited by the amount that can be carried to market. Thus, any policy that limits or curtails the carrying capacity of the railways must, to the same extent, limit and curtail the power of the people to use to the best advantage their industry and enterprise and the natural resources of their locality. It limits and curtails the opportunities for the profitable investment of capital and for the employment of labor.

This is a very practical matter for the Southern States, for the demands upon the railways of this section have almost reached the limit of their maximum carrying capacity. On the Southern Railway we are endeavoring in every way possible to increase the efficiency of our operation so as to get the maximum of service out of our present plant, and the good results of this are daily becoming more apparent, but, if we are to keep pace with the rapidly increasing demands for our services, our best efforts in this direction must be supplemented by the expansion and improvement of our facilities.

The practical question for you to consider, as men interested in the development of this section, is whether we should be hampered in our efforts by legislation tending to cripple our ability to maintain and improve our service. Do not understand me as opposing any proper regulative legislation. What the railways oppose and what I believe every banker and every business man in the South should oppose is legislation going beyond regulation and tending to cripple our ability to provide additional facilities through impairing our credit. Examples of such legislation are laws proposing arbitrarily to reduce freight and passenger rates and proposing to penalize the roads for failure to provide service beyond their ability.

Local Conditions as Affecting Rates.

For instance, it must be apparent to each one of you that the question of what is a reasonable rate for the transportation of passengers on any particular railway or in any particular state must depend very largely on local conditions. A profitable passenger business depends on density of traffic. Urban population contributes to passenger traffic not only because residents of cities as a class are required by their occupations to travel more on business and because they are inclined to travel more on pleasure than residents of rural communities, but also because of the heavy and regular suburban travel to and from every great city and because of the heavy and regular travel between the great cities.

A mere recital of the figures which I have used on a previous occasion must be sufficient to convince you that a passenger rate that might be fairly remunerative in a state like Massachusetts, with an average population of 370 people per square mile and with 76 per cent. of the population living in cities of 8,000 or over, or in Ohio, with 103 people per square mile and 38.5 per cent. living in cities, would be ruinously low if applied in North Carolina, where the average population per square mile is but 40, and where but 5.1 per cent. of the people live in cities of 8,000 or over. It would be ruinously low in all that section of the country south of the Potomac and Ohio rivers, and east of the Mississippi, as the average population per square mile in this section is but 37, and but 8.1 per cent. of the people live in cities.

In states in which legislation has been enacted, or in which administrative regulations have been promulgated that would be injurious to the railways and to the people, a high obligation and heavy responsibility rest upon railway managers. They are responsible to the owners of the property whose representatives they are, but they are also responsible to the people whom they serve. It is their duty, if they are to furnish a way to market for the people, to endeavor to re-establish conditions under which their credit will be adequate to provide the means.

Hurtful Effects of Unwise Legislation.

If I am to be able to serve the best interest of the property entrusted to my charge and of the public served by it, I must protect its legitimate revenues and place it on the basis of sound and available credit. We have believed that the legislation enacted in some of the Southern States has been enacted without an adequate understanding as to its effect upon the revenues of the carriers and upon their ability to perform their duty to the public. We have believed it to be our duty, therefore, to the public, as well as to the railway, to submit the question of the validity of these laws to the duly constituted courts of the country, so that these tribunals may determine whether the constitutional protection to which we and all other American citizens are entitled has been invaded. We have taken this step in no defiant or retaliatory spirit, but only after careful consideration and in the firm conviction that it is a duty we owe no less to the people who are interested in the preservation of the efficiency of the railways, than to the owners of the property. When the courts have passed on the questions at issue, the result should be loyally accepted by the railways and by the public.

I believe that, as I have said, these laws have been enacted without a full understanding of their effect upon the railways and the people of the South and that, when the facts are thoroughly understood, our course will meet the approval of all intelligent and thoughtful men who are interested in the prosperity and material advancement of this section.

Preservation of Our Forests.

Although it is not strictly connected with the subject which I have been discussing, I wish to direct your attention for a moment to a matter in which we are all vitally interested. That is, the importance of the adoption of a system of forestry management that will result in the preservation of the great source of wealth contained in the forests of North Carolina. In many other parts of the country the forests were practically destroyed before the importance of the adoption of an intelligent system of forest management was generally understood. It is fortunate for North Carolina that its forests have been preserved to the present time, when other parts of the country are looking to this section for an increasing proportion of their lumber supply and of all articles manufactured from wood. As the forests now stand, they can be made a source of great wealth for all the future if they are properly managed and can be made the basis for the many manufacturing industries in which wood is used as a raw material. If the forests of this region are to be preserved, it is essential that a uniform system of management be put into operation, and I am in complete sympathy with the proposition to create the Appalachian Forest Reserve, because I believe that it is only by this means that the adoption of a uniform system of scientific forest management and preservation can be secured.

In this day, when nations and sections are striving in peaceful rivalry for the prizes of commerce and for larger shares in the trade of the world, success can only be obtained by the harmonious co-operation of all the people. I appeal to each one of you, therefore, to become an active energetic missionary in behalf of what I believe to be of supreme importance to the South—the bringing about of the closest harmony and the most effective co-operation between the Southern people and the Southern railways.

Each one of you is a man of standing and influence in his community. Each of you owes duties to his community, to the banking institution which he represents, and to himself. One of these duties is to favor and advance by every proper method a public sentiment that will support economically sound legislation affecting business enterprises and discourage policies that would hamper and restrict business growth. I am sure, therefore, that each one of you, if he will give this matter consideration, will see that it is his duty—not wholly to the railways of the South—but to his community, to his bank, and to himself, to favor policies that will encourage the greatest possible improvement of Southern transportation facilities. If this improvement can be brought about there will be no halt in the splendid material and social advancement of this section, and our beloved Southland will move forward to constantly higher development and to new industrial and commercial triumphs.

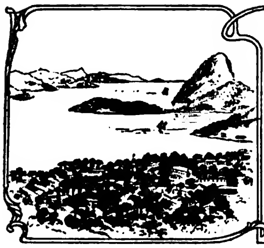
AMERICAN TRADE AND INDUSTRY.

IMPORTS of merchandise into the United States, which in 1800 amounted to 91 million dollars, were in 1906 1,226 millions; while exports, which in 1800 were 71 millions, were in 1906 1,744 millions. The per capita of importations, which in 1800 amounted to $17.19, was in 1906 but $14.42, while the per capita of exportations, which in 1800 was $13.37, was in 1906 $20.41.

In the matter of production and manufacture the picture of progress is equally interesting. Cotton production, which in 1800 amounted to 155,556 bales, had by 1850 reached 2 1-3 millions; in 1875, 3¾ millions; in 1900, a little less than 10 millions, and in 1906, 11 1-3 millions. Corn production, which in 1840 was 377 million bushels, touched the billion-bushel line in 1870, the 2-billion-bushel mark in 1889, and in 1906 was 2,927,416,091 bushels, and may therefore be expected to cross the 3-billion-bushel line in 1907. The sugar production of the United States, which amounted to less than 14,000 tons in 1825, 111,000 tons in 1850, and 270,000 tons in 1900, was in 1906 582,414 tons; beet-sugar production, which began in the "seventies," having grown from 446 tons in 1877 to 2,800 tons in 1890, 82,736 tons in 1900, and 300,317 tons in 1906. Meantime consumption grew even more rapidly, the total number of tons of sugar consumed having been 40,612 in 1822 and 2,864,013 in 1906, and the quantity consumed per capita, from a little less than 9 pounds in 1822 to a little more than 76 pounds in 1906.

NEW COUNTERFEIT $20 NATIONAL BANK NOTE.

ON the First National Bank of Hereford, Tex. Check letter A. On the face of note the charter number appears 5607. In the panel on the back the correct charter number of the bank, 5604, appears. Bank number, 552. The following remarkable Treasury number is stamped on the note: 1024567890. J. W. Lyons, Register of the Treasury; Charles H. Treat, Treasurer of the United States. Very poor photographic print, on poor paper, no attempt having been made to imitate the silk fibre of the genuine, and should not deceive the ordinarily careful handler of money.



LATIN AMERICA

A NEW DEPARTMENT.

"WE SHOULD SQUINT TOWARDS LATIN AMERICA."—*Alexander Hamilton.*

DOUBTLESS the "squint" contemplated by the all-embracing genius of Hamilton was political rather than commercial, and in that respect may be disregarded—since nothing is more clearly established than the inadvisability of extending our territorial domain or political authority over the Spanish-speaking countries of North or South America; yet, taking the advice as it stands, it is peculiarly apt to-day. "We should squint towards Latin America" with a view to finding out what opportunities are there for American trade and enterprise, which by more diligent attention may be made a source of legitimate profit to us and of equivalent benefit to our neighbors. Happily, our relations with these countries are such as to afford no ground for suspicion, and the effort on the part of the bankers and business men of the United States to extend American commerce and enterprise throughout Mexico and South America will be cordially welcomed.

We have elsewhere pointed out some reasons why these countries are destined to attract an increasing share of attention. In this and succeeding issues of THE BANKERS' MAGAZINE something will be said about Latin America in general, and, later, about some of the countries in particular. It is, perhaps, hardly necessary to say that the MAGAZINE has no especial interest in any one country, much less in the exploitation of any industry or enterprise. We believe, however, that Latin America offers an inviting field for careful study and investigation by our bankers, capitalists, manufacturers and merchants. At a day, possibly not so remote as many now imagine, the United States will need to find new outlets for its manufactures, even for its surplus capital. We shall be the better able to take prudent action, at the opportune moment, by beginning at once to survey the field.

COLOMBIA'S FOREIGN DEBT SERVICE.

THE FOREIGN DEBT SERVICE: The Inspector General of Public Rents of Colombia, Mr. Lino de Pombo, addressed to the Minister of Finance a report on the foreign debt service as follows:

"By the terms of the Holguin-Avebury Convention, signed in London on the 20th of April, 1905, the foreign debt service was arranged by the agency of the Central Bank, to which the custom houses remit every month 15 per cent. of the receipts accruing from the duties on importations, with the understanding that it be appropriated to the service of the interests on said debt.

In the twelve months of 1906, the Central Bank remitted to London, for the foreign debt service, the sum of 3,593,500 francs, divided thus:

For the current interest on the foreign debt, at the rate of 3 per cent. annually, on 67,500,000 francs—2,025,000 francs.

For the interest in arrears on the same debt, 1,525,000 francs; commission on said sums and their remittance the past year, 43,500 francs; commission 1 per cent. of the Central Bank, 49,633.75 francs.

Total paid in 1906 for the service of said debt 3,643,133.75 francs.

Now, it appears that the 15 per cent. of the customs receipts has been more than sufficient to apply to the foreign debt service; so much the more so because the customs receipts have increased to nearly thirty-five millions of francs.

For the year 1907 there will be to pay: Current interest, 2,025,000 francs; commission of the committee, 2 per cent., 40,500 francs; balance of interest in arrears, 2,697,500 francs; commission of the committee, 1 per cent., 26,975 francs; bank commission, 1 per cent., 47,884.75 francs. Total to be paid in 1907, 4,836,359.75 francs.

Consequently, a balance can be expected of some 413,640.25 francs, on the 15 per cent. of the customs receipts appropriated to this service. Under this head may be put into execution article four of the London Convention, which permits the proportion of the customs receipts appropriated to be reduced from 15 to 12 per cent.

In June, 1907, the interest arrears will be completely paid and the foreign debt service will be limited to the payment of the current interests, together with the respective commissions, which would be a totality of about 2,067,975 francs a year, a service which can be easily met with less than 10 per cent. of the net receipts of the custom house of Barranquilla.

Thus it appears that the foreign debt service of Colombia will cost the country only a small sacrifice, as it affects only from 5 to 6 per cent. of one sole class of receipts—the customs. It is supposed that the government will be in a position to gradually take up the amortization of said debt, before the first of July, 1910."

A RAILROAD OVER THE ANDES.

Six engineering parties this spring are on the Atlantic slope of the Peruvian Andes picking out the route down the mountains for the railroad that is to connect the Amazon with the Pacific. Everybody knows that Henry Meigs built a third of this road long ago and that it was the greatest feat of railroad building of its day. The plan of completing the line through the great rubber and forest districts of eastern Peru has been in the air for years, but only since 1904, when new vigor was infused into Peruvian affairs and the state had long been free from political upheaval, has the project taken other shape than that of a remote possibility.

Peru intends to connect her more populous area on the Pacific with her vast eastern territories, now recognized as among the richest parts of South America. This part of the republic embraces about 500,000 square miles, and is known as the Montana, a name that covers not only the mountainous districts but also the widespread alluvial plain through which many of the head streams of the Amazon make their way. A large part of it is covered with tropical timber of the highest value. Dr. Sievers, the leading German authority, says that rubber trees are there in enormous quantities and will be an inexhaustible source of wealth when the new, rational plantation system is introduced.

All this rich country was inaccessible a quarter of a century ago on account of the hostility of the Indians, from whom there is nothing more to fear. They are helping to cut paths for the rubber collectors. There are also thousands of square miles of grass and arable lands, a part of which, about 5,000,000 acres, the Peruvian Corporation is now developing by opening roads, building bridges and introducing colonists who are planting coffee and cacao.—New York Sun.

BOOKS ABOUT LATIN AMERICA.

A catalogue of over 500 books relating to Latin America has been issued by the Spanish-American Book Company, of 200 William street, New York. The list contains many rare books as well as numerous others relating to the modern development of these countries.

The catalogue will be a valuable guide in studying the conditions of our southern neighbors.

GENERAL NOTES.

The new Mexican Trust Company, which has $250,000 capital, besides its head office in Mexico City, will have branches in several of the larger cities of this country and Europe.

An effort is being made by the leading coffee-producing states of Brazil to hold the coffee crop for better prices, and to effect this object loans to a total of $50,000,000 have been secured lately by the states of Sao Paulo, Rio, and Minas, the money thus obtained being used to withdraw several million bags of coffee from the market, in the hope of arresting depreciation in price.

Hon. Enrique C. Creel, the Mexican Ambassador to the United States, is interested with other large capitalists in the Banco de la Laguna, recently organized at Torreon, Mexico, with $5,000,000 capital.

According to the March statement, the thirty-four chartered banks of Mexico had $159,600,000 capital and $100,964,000 notes in circulation.

The Credito Minera de Oaxaca is a new bank at Oaxaca, Mexico, with $200,000 capital. Henry W. Catlin & Co. of New York are the organizers.

General Luis Terrazas, father-in-law of Enrique Creel, Mexican Ambassador to the United States, who already owned 15,000,000 acres of land in Mexico, has purchased for $900,000 a new tract of 460,000 acres in the states of Durango and Chihuahua.

The British Bank of South America reported at the close of 1906 deposits and current accounts, £4,474,367—an increase of about £480,000 over 1905, and more than twice the figures reported in 1902.

Consul Louis Kaiser reports that recently the officials of the city of Mazatlan assisted in the formal inauguration of the grading of the Cananea, Yaqui River & Pacific Railroad, concerning which he writes:

"The construction and completion of this road will be of the greatest importance to the Republic of Mexico, as well as to the United States. The work of grading the roadbed has been commenced on all of the important points of the projected line, and is being done under contract for the entire length of nearly 1,000 miles by a Los Angeles firm. It is claimed that in less than two years the port of Mazatlan will be connected with the United States and with the most important railroad lines to the east and north. There is no doubt that it will increase the trade relations with the entire west coast of Mexico, and American exporters will doubtless put forth renewed efforts to gain control of the trade of this much-neglected portion of Mexico."

—Ecuador is preparing to enter upon the construction of additional railway lines, and will also offer special inducements to immigration. The Eastern Ecuador Exploration Co. will be formed to aid in carrying out these aims.

—The Saturday Review of London, in an editorial article dealing with the relations between the United States and Japan, draws attention to the great sympathy of Latin America toward Japan, as indicated by the welcoming of Japanese immigrants to South America and the fostering of trade and commerce with the island empire. The review then dwells upon the assumed identical ethnic origin of the Japanese and the Indians of Latin America, and says that perhaps among the surprises of the future will be the development of a widespread Japanese influence on the Latin-American Continent, based on unsuspected ethnic grounds, which may terribly upset that "manifest destiny" of supremacy over the American continent which American statesmen have been proclaiming since the early days of the republic.

—The imports of American locomotives into Brazil in 1906 were more that threefold the value of the imports in 1905, and more than sixfold the value of those of 1904, but German manufacturers, who had been all but driven out of the market, have recently secured an order for 17 locomotives, in competition with American machines. The situation is consequently one of considerable interest, and needs the careful attention of American locomotive builders. The order just received by the Germans represents the new railway enterprises in the state of Rio Grande do Sul and that portion of Brazil, and is not only important in the size of the order itself, but in that it is the beginning of the enterprise, and the orders placed now are likely to have a very important bearing upon future business. The situation is further accentuated by the understanding that this German success was due directly and solely to the fact that the German Government has granted to the concern in question an export bounty which practically equals the freight to Brazilian ports. The exact nature of the bounty is not stated, nor can any details of the matter be had.

While the import of locomotives in Brazil have trebled in three years the proportionate portion of the imports from the United States have increased over sixfold, and while the increase in the total imports between 1905 and 1906 was about 75 per cent. the increase in the imports from the United States was something like 250 per cent.

—During the past year there has been a great expansion of the business of the London and Brazilian Bank, and in consequence it has been decided to issue 25,000 shares of new capital of a par value of £20, only £10 per share being called at present. The issue of the new shares will be at a premium, and will result in increasing the paid-up capital of the bank to £1,000,000 and the surplus to £910,000.

—In 1906 Mexico imported from the United States goods valued at $72,508,-956, compared with $49,768,671 in the preceding year. Mexico's exports to the United States in 1906 were valued at $92,633,006, an increase of $16,470.279 over 1905.

—Business is so active on the National Tehauntepec Railroad, connecting the Atlantic side with Salina Cruz on the Pacific, that the construction of a double track is talked of.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

NEW OFFICES OF THE HOME TRUST COMPANY.

THE Home Trust Company of New York was organized in April, 1905, opening its office for business in Brooklyn. Its directors were all people of prominence in their various lines of business, none of whom had other banking connections, as a result of which, all worked together for the interests of the new company. After one year, the company opened a branch office in the Ridgewood section of Brooklyn, at Hamburg and Myrtle avenues, and at the close of its second year of

HOME TRUST COMPANY.
A Part of the Banking Screen.

business, opened up its New York office in the "Evening Post" building, No. 20 Vesey street.

Its banking room in New York is one of the most unique and beautiful offices in the city. Its style is of the period of the early Renaissance, the banking screen being heavy oak, silvered to a grey stone-like finish, which being bound with iron, and bearing upon its crest art lanterns of the period, gives an impression of an old stone wall. The furniture throughout follows the same treatment, the floor of red tiles and cushioned window seats of the same color supplementing the general effect harmoniously.

The planning and carrying into effect of this unique and audacious style and plan for a banking office are due to the secretary of the company, in connection with the architect, Geo. W. Cobb, Jr.

OFFICES OF THE HOME TRUST COMPANY.
"Evening Post" Building, New York City.

The trust company has installed a large Manganese steel vault, which is divided into two parts, one for its own use, and the other for the accommodation of its customers; the latter division containing in the neighborhood of one thousand safe-deposit boxes.

Officers' Quarters.

The Vaults.
HOME TRUST COMPANY.

In its Brooklyn office, the Home Trust Company had adopted a policy of being a "popular" company, accepting accounts in small amounts, thereby establishing a large clientele of young business men.

In New York it was the first trust company to be established west of Broadway, and has already, in the short time since its opening, built up a large and most satisfactory business connection.

The capital and surplus of the company, at the time of its organization, was $750,000.00, which amount is now being increased by additional subscription to $1,125,000.00. Its deposits are in excess of $3,000,000.00.

The company has made a specialty of handling out-of-town checks for commercial houses, being able to do so at a reasonable figure by reason of its out-of-town connections.

The officers of the company are: J. Edward Swanstrom, president, formerly president of the Borough of Brooklyn; William C. Redfield, vice-president, formerly president of the J. H. Williams Co., and a director of the Equitable Life Assurance Society; James Noel Brown, vice-president, of the Wall street firm of James N. Brown & Company, and president Bank of North Hempstead; Harold A. Davidson, secretary and general manager, first president of the Banking Publicity Association; Thos. W. Hynes, treasurer, formerly Commissioner of Charities in New York, and late Auditor of Porto Rico; E. Wilton Lyon, and William Swartz, assistant secretaries.

PHENIX NATIONAL BANK OF NEW YORK.

EVIDENCES of progress and growth are to be found in the statement of the Phenix National Bank of New York made to the Comptroller of the Currency on May 20. Compared with the previous report, on January 26, it shows that deposits have increased over $3,000,000, the total of that item being $7,860,000 on January 26 and $10,871,000 on May 20.

The statement made to the Comptroller on the latter date was as follows:

RESOURCES.

Loans and discounts	$6,343,846.46
Premium on U. S. bonds	23,000.00
United States bonds	1,025,000.00
Other stocks and bonds	656,134.75
Cash and sight exchange	5,322,750.62
Total	$13,370,731.83

LIABILITIES.

Capital	$1,000,000.00
Surplus and undivided profits	454,488.10
Reserve for taxes and interest	26,200.76
Circulation	993,800.00
Bonds borrowed	25,000.00
Deposits	10,871,242.97
Total	$13,370,731.83

Not only is the statement free from any undesirable items, but it shows the bank to be in a strong position, the cash and sight exchange amounting to about fifty per cent. of the deposit liabilities.

B. L. Haskins, heretofore assistant cashier of this bank, was recently elected cashier. Mr. Haskins was born at Uhricsville, Ohio, January 11, 1870. His banking experience began at Abilene, Kansas, where he entered the Abilene National Bank as a messenger, in 1889. In 1891 he went to the Continental National Bank, St. Louis, filling different positions there until 1902, when the bank was absorbed by the National Bank of Commerce, Mr. Haskins becoming manager of the credit department. In May, 1905, he was appointed auditor of the Phenix National Bank of New York, and in January, 1906, was elected assistant cashier. On May 7 of the present year he was elected cashier.

B. L. HASKINS,
Cashier Phenix National Bank of New York.

Although still a young man, Mr. Haskins has had extensive experience in banking, as may be seen from the record given above. He has, moreover, shown that he possesses qualifications which fit him for important executive work, and his comparatively rapid advancement has been due to substantial merit. Following are the officers and directors of the bank:

Officers: Finis E. Marshall, president; August Belmont, vice-president; Alfred M. Bull, second vice-president; B. L. Haskins, cashier; H. C. Hooley, assistant cashier.

Directors: August Belmont, August Belmont & Company; E. W. Bloomingdale, capitalist; Alfred M. Bull, vice-president; D. Crawford Clark, Clark, Dodge & Company; Edwin A. Potter, president American Trust and Savings Bank, Chicago; Wm. Pierson Hamilton, J. P. Morgan & Company; Richard H. Higgins, Harvey Fisk & Sons; Elbert H. Gary, chairman board, United States Steel Corporation; Robert P. Perkins, president Hartford Carpet Corporation; Henry K. Pomroy, Pomroy Brothers; George Coffing Warner, attorney; Henry W. DeForest, attorney; J. C. Van Blarcom, president National Bank of Commerce, St. Louis, Mo.; Frederick D. Underwood, president Erie Railroad Company; Irving A. Stearns, capitalist, Wilkes-Barre, Pa.; Finis E. Marshall, president.

It will be seen that the above list comprises some of the best-known names in the banking and business world, assuring the continued growth and prosperity of the Phenix National Bank along safe lines.

FRANK TILFORD,

President Lincoln Trust Company.

FRANK TILFORD, MERCHANT AND BANKER.

From an etching by Jaques Reich.
Copyright 1907 by Lincoln Trust Company.

FEW figures are better known personally in New York, and by reputation throughout the country, than Frank Tilford. As a merchant, heading as president the great grocery house of Park & Tilford founded by his father in 1840; as a man of affairs and active in all civic and patriotic movements—an elector of McKinley in 1900; but, perhaps best known as a banker and financier, he has always been prominently before the public, enjoying to the full its respect and confidence. Mr. Tilford, by virtue of unanimous election, now becomes president of the Lincoln Trust Company of New York city, an institution organized by him in 1902, which during the past five years has achieved a foremost place among the banking and fiduciary institutions of New York.

It is as a banker that Mr. Tilford's career, short, measured by years, for he is in the very prime of life, is of present interest. At the age of twenty-two he became a director in the old Sixth National Bank, being then the youngest bank director in the city; the directorate of the North River Savings Bank also contained his name. In 1889 Mr. Tilford, with George G. Haven, organized the present New Amsterdam National Bank, whose presidency he resigned in 1896, parting with his interests later and organizing and establishing the Fifth Avenue Trust Company. In 1902, sagaciously forecasting what has since seemed to others the phenomenal growth as a commercial centre of the region in the neighborhood of Twenty-third street and Broadway (Madison Square), and disposing of all other banking interests, Mr. Tilford founded the Lincoln Trust Company.

Brief figures tell the history of the company and in them may also be read a tribute to the ability and labors of the company's retiring president, Mr. Henry R. Wilson, whose selection as first executive is generally regarded as a demonstration of Mr. Tilford's extraordinary faculty for judging men. With a capital of $1,000,000, ample surplus, and deposits in excess of $24,000,000, the property of 8,000 clients, the Lincoln Trust Company has so far, it is believed, established a record for growth.

A word as to the personality of President Tilford. As noted, in the prime of life, and of very large private fortune, he is at his desk early and late, preaching by example the gospel of work. He has withdrawn from the many powerful corporations in which he was always an influential factor to devote himself to his two chief affairs, the house of Park & Tilford, and the Lincoln Trust Company, in which, as may be assumed, his interest is large. Under his direct administration new records may be confidently predicted, for he has that rare and excellent combination of the faculties and instincts of the merchant and banker. Those who

THE NEW FINANCIAL AND COMMERCIAL CENTRE OF NEW YORK.

have personal dealings with him, and he is always accessible, are chiefly impressed by his magnetism and many-sidedness.

The growth of the Lincoln Trust Company has been due in part to the progressive policy of the institution, and in part to its very influential board of directors, the personnel representing men of ripe experience in banking and sound judgment in business, assuring for the company successful administration of the affairs entrusted to its care. The officers of the company are as follows:

Frank Tilford, president; Owen Ward, 2d vice-president; William Darrow, Jr., 3d vice-president; Irving C. Gaylord, 4th vice-president; Robert C. Lewis, treasurer; Frederick Phillips, secretary; Charles B. Collins, cashier; Edward C. Wilson, assistant treasurer; Joseph Z. Bray, assistant secretary; George J. Bayles, trust officer.

Directors: George C. Boldt, president Waldorf-Astoria Hotel Co.; George C. Clark, Clark, Dodge & Co.; Robert E. Dowling, president City Investing Co.; Harrison E. Gawtry, Chairman, Consolidated Gas Co.; John D. Hicks, trustee Bowery Savings Bank; Charles F. Hoffman, Hoffman Estate; Edward Holbrook, president Gorham Manufacturing Co.; Abram M. Hyatt; Bradish Johnson, Bradish Johnson Estate; Clarence H. Kelsey, president Title Guarantee & Trust Co.; Morton F. Plant; William Salomon, Wm. Salomon & Co., bankers; B. Aymar Sands, Bowers & Sands, lawyers; Louis Stern, Stern Bros., dry goods; Samuel D. Styles, president North River Savings Bank; Frank Tilford, president Park & Tilford; Archibald Turner, president Franklin Savings Bank; Henry R. Wilson; William Felsinger, president New York Savings Bank; Edward P. Hatch, president Lord & Taylor; George Leask, George Leask & Co., bankers; Robert Goelet, Goelet Estate; Arthur Iselin, Wm. Iselin & Co.; Isaac N. Seligman, J. & W. Seligman & Co.; W. DeLancey Kountze, Kountze Bros.; Andrew Mills, president Dry Dock Savings Institution; John P. Munn, M. D., trustee United States Savings Bank; James Quinlan, president Greenwich Savings Bank.

Advisory Committee: John Degener, Jr., C. A. Auffmordt & Co.; Stuart Duncan, John Duncan & Sons; U. T. Hungerford, Hungerford Brass & Copper Co.; Decatur M. Sawyer, Sawyer & Blake; Charles H. Simmons, John Simmons Co.; C. Morton Whitman, Clarence Whitman & Co.; John C. Wilmerding, Wilmerding, Morris & Mitchell; Henry W. Howe, Lawrence & Co.; Andrew J. Connick, J. Hegeman Foster, J. Edgar Leaycraft, James B. Mabon, Thomas S. Ormiston, John S. Sutphen.

McCORNICK & CO., BANKERS, SALT LAKE CITY, UTAH.

ONE of the oldest, largest and best-known banking houses of the West is that of McCornick & Co., of Salt Lake City, Utah. Its growth has been remarkable, and the total deposits, now exceeding $9,000,000, would do credit to a city much larger than Salt Lake City. The success of this bank illustrates the possibilities of a "one-man bank," when the right man is in control. Starting in the stormy times of 1873, this bank not only weathered that period of panic and depression, but

W. S. McCORNICK.

has passed through other seasons of stress, steadily increasing its reputation for strength, not only locally but throughout the country, until it has come to rank among the strongest banking houses of the United States.

W. S. McCornick, the founder of the firm of McCornick & Co., was born near Picton, Ontario, Canada, September 14, 1837. At the age of twenty-one, prompted by his spirit of natural enterprise, he left his home to seek his fortune, and was first attracted to California. Early in the '60s, however, he migrated to Nevada, where he spent the next eleven years of his life, and engaged in lumbering and mining, laying the foundation of his fortune. In 1873 he went to Salt Lake City and established the banking-house of McCornick & Co., which now has the proud distinction of being the largest bank between Denver and San Francisco. In addition to the head office in Salt Lake City the bank maintains branches at Twin Falls, Idaho, and Eureka, Utah. As an illustration of the growth of the bank, and of the confidence placed in Mr. McCornick, and showing the high esteem in which he is held, a comparative statement of the deposits for the last seven years is given below:

December, 1900	$4,626,016.00
December, 1901	4,951,760.00
December, 1902	5,403,479.00
December, 1903	5,630,048.00
December, 1904	6,134,649.00
December, 1905	7,665,218.00
December, 1906	9,070,861.00

Besides being the head of this large firm, to which he devotes most of his time and attention, he is largely interested in various mining, commercial and other enterprises. Following are some of the institutions of which he is an officer or director:

Silver King Mining Co., Daly-West Mining Co., American Smelting & Refining Co., Oregon Short Line Railroad Company, Utah Light & Railway Co., Salt Lake Hardware Co., Con. Wagon & Machine Co., Utah National Bank, Salt Lake City; Bannock National Bank, Pocatello, Idaho; First National Bank, Price, Utah; First National Bank, Logan, Utah; First National Bank, Nephi, Utah; Bank of Ely, Ely, Nevada; Utah Savings & Trust Co.; Utah Sugar Company, Idaho Sugar Company, Western Idaho Sugar Company, Rocky Mountain Bell Telephone Company.

Mr. McCornick is recognized as a man of sterling character and worth and is one of the stalwarts of the business world.

A RICH COUNTRY.

OUR wealth, which in 1850 was set down at 7 billions of dollars, is given at 107 billions in 1904, the latest year for which figures are available; and the per capita wealth, which in 1850 was $307, was in 1904 $1,310. The public debt, which in 1864 was 2,675 million dollars, is now but 964 millions, and the per capita indebtedness which in 1864 was $76.98, is now but $11.46; while the annual interest charge, which was then $4.12 per capita, is now but 28 cents per capita. The money in circulation, which in 1800 was 26 million dollars, in 1850 278 millions, and in 1880 973 millions, was in 1906 2,736 millions; and the per capita circulation, which in 1800 was $5, and in 1850 $12, was in 1906 $32.32.

BANKING PUBLICITY

"JUST THINK IT OVER."

REFLECTION is always an aid to prudent action, and there are few transactions where any considerable sum of money is involved that would not show better results to those who are to spend the money, if they would think over the matter carefully, and perhaps seek the advice of others before reaching a decision. Under the title of "Just Think It Over," the Cleveland Trust Company has issued a booklet containing so much sound sense, as well as good advertising—the kind that is good for banks and for the community—that we reproduce it in full:

"A depositor who closes his account with a bank generally does so for one of the following reasons:

Either he is in real need of his money, he is going to invest it, he is moving out of town and thinks it will not be convenient to bank by mail, or for some reason he is dissatisfied with his bank.

To the man who is in real need of his money, we have nothing to say. Sickness or misfortune often compel us to use up our savings. This is one of the things we save for—to tide us over the rainy day—the time of need.

To the depositor who is going to invest, we would say, first think it over again. The money you have saved and safely stored in your savings bank represents much to you. It stands for thrift and labor. Yet possibly you are turning it over to a promoter, because he says he can make a fortune for you. You don't know him, and have never seen him. Whether he has been a success or a failure in business is something to which you have given no thought. He claims that he has a wonderful invention, a great industry, a fabulously rich mine, etc., and announces that his stock has doubled or trebled in value. First he secures a patient hearing, then your undivided attention, and finally you are tempted to take your money from where it is safe and practically throw it to the winds. Just think it over. You will agree with us that this kind of an investment is foolish. Don't invest unless you are sure you have something better than a reliable 4 per cent. savings account.

The individual who is moving away from Cleveland would do well to investigate the feasibility of banking by mail before closing out his savings account with this strong savings bank. Remember that we have depositors in all parts of the United States and in many remote foreign countries who have found it exceedingly satisfactory to transact their business with us by mail. Are you going farther away than China, Japan, Philippine Islands, Hawaii or Brazil? We have active savings accounts with people in all of these countries. Let us furnish you with our special literature on this subject.

To the dissatisfied depositor, we desire to express sincere regret that we have given cause for disappointment in any way. No other bank in this country is striving harder to please its depositors than The Cleveland Trust Company. Besides its capital and surplus of $5,000,000 which are calculated to satisfy the most exacting individual as to the financial strength of our institution, we provide every accessory of an up-to-date bank. In fact The Cleveland Trust Company has been the originator of many of the latter day bank innovations looking to the convenience and comfort of depositors. Naturally it is difficult to serve sixty-seven thousand individuals with uniform satisfaction and yet this is what we are earnestly trying to do. If our depositors will co-operate with us and report any discourtesies or inattention we can easily make amends and see that they do not happen again.

The foregoing remarks are addressed to the depositor who has just closed out his account with The Cleveland Trust Company or is contemplating such a step. We ask your earnest consideration of them. In all candor we do not believe any other bank in this country can serve you better."

"THE BANK HISTORICAL."

UNDER the title of "The Bank Historical," The Bank of Pittsburgh National Association issues a beautifully printed and handsomely illustrated brochure containing not only a history of the bank but also an interesting description of Pittsburgh's industrial activities and its importance as a banking centre. The illustrations of some of the mural decorations of the bank's new building are printed in colors and are highly artistic, while the other illustrations of the exterior and interior reveal a bank home possessing everything that seems to be recommended by taste, solidity and convenience.

The booklet fittingly commemorates almost a century's existence of the Bank of Pittsburgh, and is well worth preserving for its artistic merits, its record of this historic institution's progress, and for the other valuable information which it contains.

Sample of Publicity Work by the Flatbush Trust Co., Brooklyn, N. Y.

BUSINESS-GETTING ADVERTISING.

SOME very unique, and what is more important, business-getting advertising is being done by the Crown Bank of Canada. Two notable specimens—the "Blue Book" and the "Grey Book" have been received. These have attractive covers, somewhat in the form of an envelope, and inscribed with the receiver's name. The "Blue Book" is devoted chiefly to a heart-to-heart talk intended to show women why they should have a bank account, and the "Grey Book" gives an epitome of the Canadian Banking Act, and also contains the following regarding bank advertising:

"Banking is necessarily a conservative business, and until within the past few years there seemed to have been an unspoken law that banks must be approached by customers, but should never take the initiative and ask for accounts. 'It had never been done,' and what had not been could not be—until some one said it could, and the whole line of bank advertising changed. But banks require a particular manner of asking people to make use of them: it must be dignified, yet cordial; business-like, but not stiff. People want to know 'all about banking' and women especially like to hear it explained in non-technical terms, and the more publicity given to banking and its ways, the more rapidly Canadians become educated to the absolute necessity of placing money where it is safe."

Sample of Publicity Work by the Flatbush Trust Co., Brooklyn, N. Y.

PORTLAND TRUST CO. OF OREGON.

PRESIDENT BENJAMIN I. COHEN, of the Portland Trust Co. of Oregon is a firm believer in advertising. He personally prepares most of the company's announcements, which are well displayed in single-column space in the newspapers. A few specimens of these ads are shown herewith. In all his advertising Mr. Cohen brings out strongly, "The Oldest Trust Company in Oregon."

RECENT SAMPLES OF BANKING PUBLICITY.

Portland Trust Co. of Oregon.

BUILDING FOR THE FUTURE

The business of this Company is growing rapidly, but the desire for making a great showing in a short time is not allowed to overshadow the most important one of building in a substantial manner, in a way that no stress of financial weather will affect us. Therefore, while we adopt all the modern methods, are provided with modern equipment and extend every courtesy to our patrons, each and every transaction is based upon the principle of building for the future, for permanence rather than show.

We pay the maximum interest consistent with sound banking on Savings Accounts and on time certificates. We also issue special certificates to cover deposits for indefinite periods. Accounts also received subject to check, exchange sold available anywhere, collections effected on all points, substantial issues of bonds bought and sold, all manner of trusts cared for, loans made on improved properties, etc.

Correspondence solicited.

Merchants Investment and Trust Co.
247 Washington Street

Capital $1[illegible]

J. FRANK WATSON, Pres. R. L. DURHAM, Vice Pres.
W. H. FEAR, Sec'y S. C. CATCHING, Asst. Sec'y.
O. W. T. MUELLHAUPT, Cashier.

10 Per Cent Net Is a Good Profit

For An Established Business

Make it a point to save 10 per cent of your salary and deposit it at compound interest in this Bank.

It offers you a certainty of financial success. Money multiplies rapidly at compound interest.

Let your savings work too.

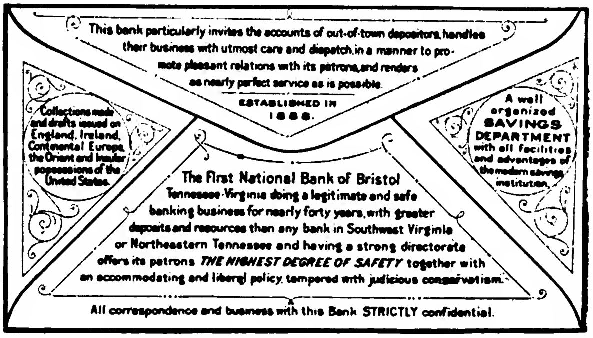
We pay 4 per cent interest compounded semi-annually.

Des Moines Savings Bank

N. W. Corner W. Fifth and Walnut Sts.

TWO GOOD SPECIMENS OF RECENT ADVERTISING.

The Merchants Investment and Trust Co. of Portland, Ore., and the Des Moines Savings Bank of Des Moines, Ia.



UTILIZING THE BACKS OF ENVELOPES.

An Advertising Plan Adopted by the First National Bank of Bristol, Tennessee-Virginia.

FROM CURRENT BANK ADVERTISING.

PEOPLE are too apt to look down on small beginnings. They think they will open a savings account when they can start with a good sized nest-egg. We have seen a good many more really substantial savings accounts develop from a start of a small sum and a determination to go ahead, than from hundred dollar starts without the determination. We like these small beginnings. They show the true saving spirit. We receive any amount from $1.00 upwards. We aim, in fact, to make this the people's bank.—Haverhill (Mass.) Trust Co.

It is our business to furnish information, and we are never too busy to answer questions. We have the latest publications with the latest news on all financial matters, and we have ready communication with all the great agencies and markets. We consider that our time and labors belong to our customers, and to the public whose custom we solicit. We have money to lend, we have time to give away, and we always mean to have an unlimited amount of courtesy.—Hartford (Conn.) National Bank.

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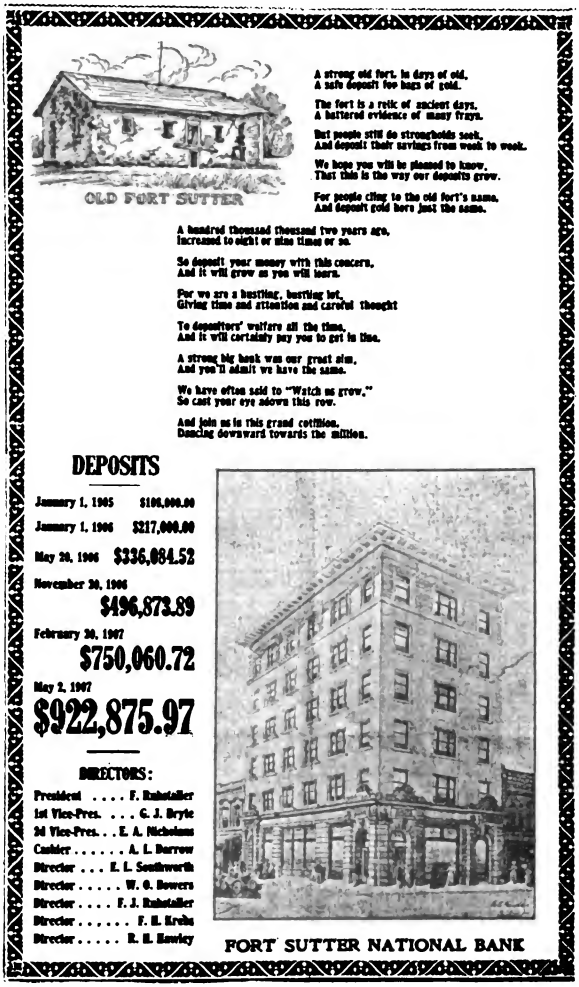

SPECIMEN OF A SACRAMENTO (CAL.) BANK'S ADVERTISING.

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Did you ever stop to think that your own individual finances are but the affairs of a corporation in miniature? It is a fact that no corporation will be long successful that does not show some profit on its operations.

This will apply also to your personal affairs. To be successful you must show a profit. Put that profit with us in a savings account earning 4 per per cent. interest and you need not worry as to the future.—Capital City State Bank, Des Moines, Ia.

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One of the most important duties of the modern bank is to co-operate with its customers at all times. During the last few months, stringency in the money market was very marked; but the First National Bank of Pittsburgh, disregarding the high interest rates obtainable on loans in New York, and confining its accommodations to its own customers, was able to care for all their needs. The value of service like this is apparent to business men.—First National Bank, Pittsburgh.

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Young women should learn something of business affairs by having their own personal bank accounts, either subject to check or in our Savings Department. The practice of balancing their own statements, computing the compound interest on deposits and watching the rapid increase of small savings is of great value.—Union Trust Co., Pittsburgh.

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If you are treasurer of a church society, lodge or building association, naturally you feel a greater responsibility in placing funds which belong to others than you do with your own money. The large capital and surplus of this bank should appeal to you the same as it does to other treasurers and financial secretaries, which accounts for the boards of so many organizations designating this bank as their depository.—National Exchange Bank, Baltimore.

NEW COUNTERFEIT ($10) NATIONAL BANK NOTE.

ON the First National Bank of the City of New York. Check letter M; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States. Charter number 29; Treasury number K54695; bank number 292820; portrait of McKinley.

This counterfeit is apparently a lithographic production. The paper is composed of three sheets, two of very light tissue and one heavy piece. A few silk threads have been distributed between the sheets. The portrait is very poorly executed and should be the means of readily detecting the note. The counterfeit is nearly a quarter of an inch smaller than the genuine. The charter number, red letter E, and seal on face of note are light pink instead of dark red and carmine. The back of the note is more deceptive than the face, but is a lighter share of green than the genuine.

NEW YORK STATE BANKERS' ASSOCIATION.

THE convention of the New York State Bankers' Association will be held at the Hotel Frontenac, Thousand Islands, June 27 and 28.

PUBLISHERS ANNOUNCEMENTS

A BOOK FOR BANK DIRECTORS.

THE new book issued by The Bankers' Publishing Company on "Bank Directors, Their Powers, Duties and Liabilities," by John J. Crawford, is meeting with a large sale. It is in handy form, and makes a suitable souvenir for large banks to distribute among their correspondents. Special prices will be quoted on application.

MODERN BANKING METHODS.

BARRETT'S Modern Banking Methods, which has been adopted as the text-book in practical banking by the American Institute of Banking, has gone into the fifth edition. The new edition appears in a more up-to-date binding, buckram being substituted for cloth.

OPPORTUNITY FOR BANK CLERKS.

ENTERPRISING bank clerks, or junior officers can do their banks a good service and at the same time make some additional income for themselves by securing subscriptions for THE BANKERS' MAGAZINE among their fellow clerks or officers. Representatives are desired in all of the larger banks of the country, and liberal arrangements will be made.

CONTRIBUTIONS WANTED.

PRACTICAL banking contributions are wanted for THE BANKERS' MAGAZINE, describing in detail the daily transactions of the several departments of progressive banks. The articles preferably should be illustrated with forms of books, blanks, etc., filled up to represent actual transactions. All manuscripts received will be promptly read, and if not accepted they will be returned. Those accepted will be paid for on publication.

BOOKS FOR BANKERS.

OUR first edition of the new catalogue of Books for Bankers was in such demand as to exhaust the supply immediately after publication. A new edition is now out and will be sent free on request.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

THE HAUNTERS OF THE SILENCES: A BOOK OF ANIMAL LIFE. By Charles G. D. Roberts. Boston: L. C. Page & Co.

An interesting collection of stories of animal life, refreshing for its novelty of theme and the clear description of the homes and manners of the denizens of the forests, the arctic wastes and the seas.

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PRISONERS OF FORTUNE: A TALE OF THE MASSACHUSETTS BAY COLONY. By Ruel Perley Smith. Boston: L. C. Page & Co.

Mr. Smith gives us a romance filled with stories of the sea, pirates, lost treasure and various adventures and hair-breadth 'scapes, all told in a quaint style, and by no means lacking in quiet humor. It is somewhat in the vein of "Robinson Crusoe," beloved of all boys of ages from eight to eighty. Then, too, there is something about a girl with golden hair and brown eyes. Altogether a delightful companion for the summer vacation.

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PRACTICAL PROBLEMS IN BANKING AND CURRENCY: Being a Number of Selected Addresses Delivered in Recent Years by Prominent Bankers, Financiers and Economists. Edited by Walter Henry Hull; with an introduction by Charles Francis Phillips. New York: The Macmillan Co. (Price, $3.50.)

Mr. Hull has made an excellent selection of addresses delivered in recent years by some of the leading bankers and best-known financial authorities of the country. The papers deal with general banking subjects, currency reform and trust company matters, altogether making an octavo volume of about 600 pages. The collection is comprehensive in character, well chosen, and contains a large amount of interesting and valuable information. The printing and binding are good. In future editions the spelling of the name of Mr. Eckels (p. xi. and p. 152) should be corrected; also the spelling of the name of Hugh McCulloch (p. 201), and the name of Mr. Ridgely (p. 153). Mr. McCulloch was too well known to be referred to as Hugh "McCullough," nor do we see any reason why the names of the other gentlemen should not be correctly spelled.

THE ITALIAN LAKES. By W. D. McCracken. (Price, $2.00.) Boston. L. C. Page & Co.

With a theme that might tempt to the employment of an exaggerated and florid style, the author has shown a restraint and reserve that greatly add to the enjoyment one gains in reading his descriptions of the beauties of the Italian lakes. He leads us gently through this region of surpassing beauty, shows us its loveliness, its association with history, romance and art, tells of some of the immortal names with which it is associated—Virgil, Pliny (elder and younger), Dante, Mazzini, Garibaldi, Cavour, Volta, Canova, Lady Mary Wortley Montagu, Goethe and Ruskin—and on the whole presents such a delightful and charming picture as one rarely finds between the covers of a book.

Referring to the beauties of Lake Como, the author says: "When Bulwer-Lytton wished to mention an environment in his 'Lady of Lyons' which an audience could recognize as a veritable prodigy of natural loveliness, he described a spot near Lake Como

'A deep vale,
Shut out by Alpine hills from the rude world,
Near a dear lake, margined by fruits of gold,' etc."

The last line should read "clear lake," instead of "dear." But that is a printer's error, too obvious to be of moment. We should not like to be considered as an apologist for the conduct of "Melnotte," who was a captivating young rascal. But, in reality, he does not claim to be the owner of the palace he describes. Doubtless, however, at other times, he has made such a claim, for "Pauline" asks him to tell her *again* of his palace by the Lake of Como. Actually, he does not do so, however, in the famous passage, but "hedges" in the following clever style:

"Nay, dearest, nay! If thou wouldst have me paint
The home, to which, *could love fulfill its prayers,*
This hand would lead thee, listen!"

And he then goes on painting the home in glowing colors.

If one can visit the Italian lakes, he will find added pleasure from first having read this faithful description of them; if he can not actually take the journey, he may be spared its discomforts and expense, yet have a great share of its interest and pleasure by reading "The Italian Lakes."

AMERICAN INSTITUTE OF BANKING.

AT the meeting of the American Institute of Bank Clerks in Hot Springs, Va., the name of the association was changed to American Institute of Banking. The officers were re-elected as follows: E. D. Hulbert, president; C. B. Mills, vice-president; G. W. McGarrah, treasurer; George E. Allen, secretary; D. C. Wills of Pittsburg and F. L. Johnson of St. Louis were elected trustees.

RAILROAD BONDS AS INVESTMENTS.

IN their "Monthly Bulletin" for June, Messrs. Fisk & Robinson say: "From the standpoint of railroad securities the tone of the market during the past month has been one of pronounced pessimism—a pessimism unsupported by facts. Great stress continues to be laid upon the attitude assumed by the national government toward the railroads. We have previously pointed out that the adverse effect of this influence was unduly magnified. It should be a matter of congratulation that this great and important question of transportation, in its relation to the shipper and investor, has for the first time been made the subject of dispassionate investigation by the national government on broad and wholesome lines—lines well calculated to result ultimately in great benefit to all interests, and especially to the railroads in providing them protection against injudicious local legislation.

The railroads of the United States are suffering really in but one way, that of difficulty in financing. This, though inconvenient, is in no way vital. In this respect they are the victims of the enormous expansion in trade and commerce and manufacture the world over. They are the victims of the hoarding of gold by Italy, Argentina and Brazil to the extent of not less than $150,000,000, in order that their finances may be placed upon a gold basis; of the accumulation by Russia of not less than $100,000,000 to increase her gold reserve; and also of the many other factors which contributed to an almost universal money stringency, now happily abating.

The clearing up of the stormy financial weather has steadily continued—both at home and abroad. The improvement has been pronounced in the United States and in Great Britain, and though less marked in Germany and France, better conditions prevail in those countries also.

There has been a flood of pessimistic news concerning the crops. The shortage in wheat has been translated into terms of crop failure, a very different thing—and one not likely to occur. As a matter of fact, the exact wheat shortage is not known, and even though it should be considerable it is quite probable that corn and other products will largely take the place of that cereal, so that an ample tonnage for the roads would seem to be assured.

So far as general business is concerned it may be that well-defined contraction may ultimately appear, but all evidence thus far would indicate that such recessions as are taking place are proceeding in an orderly way, and should they continue and grow more pronounced, present indications give assurance of freedom from shock to the business community.

We argue from the foregoing that the railroads of the United States have not fallen on times which are entirely evil. In the matter of financing, the roads, after all, have not fared so badly, having secured nearly half a billion new money since January first.

It is true that the railroads have been vexed by the steadily increasing cost of materials and labor, but while not in ideal condition physically, they were never in their history better prepared in trackage, in equipment and in personnel to handle the nation's traffic; and when the results of their operations are scrutinized there is but little ground for concern. The careful, detailed studies of the roads' operations for the nine months ended March 31, which have been made from time to time and which have appeared recently in the public press, furnish no evidence of a discouraging character. An examination of the earnings of 33 roads, which include all of the most prominent trunk and transcontinental lines in the country, shows that during the period referred to 32 out of 33 increased their gross earnings, and while 28 increased their operating expenses and taxes, only 21 increased the ratio of operating expenses and taxes to gross earnings. More than half of the number increased their net earnings and but little less than half increased their surplus applicable to the payments of dividends. Of the 15 roads paying dividends, 8 increased the dividend and one which had not previously paid a dividend was placed on a dividend basis. Unless the signs are misleading, the roads are likely to see improvement in net earnings in the near future, present conditions tending to cause conservatism in expenditures.

There was a fairly good market for well secured issues of railroad bonds during May, bonds legal for New York or Massachusetts savings banks being mostly in demand by national banks for use as security for public deposits. At the close of the month this class of bonds was somewhat quieter, although prices held firm. Institutions and individuals were purchasers to a moderate extent of general market bonds, and orders for round amounts have at times found the market bare of certain classes of securities at prevailing prices."

ORGANIZATION OF NATIONAL BANKS.

IN May charters were granted to fifty-two national banking associations with aggregate capital of $2,746,000, and bonds deposited as security for circulation to the extent of $618,850. Thirty-seven of the banks chartered during the month were with capital of less than $50,000, the aggregate being $996,000, and fifteen, with capital of $50,000 and over, aggregating $1,750,000. Twenty-nine of the banks were of primary organization, thirteen reorganizations of state or private banks, and ten conversions of state banks.

Legislation of 1900 and subsequent conditions resulted in a notable increase in the number, capital, etc., of national banking associations. From March 14, 1900, to May 31, 1907, charters were granted to 3,455 banks, with aggregate capital of $203,057,300, of which 2,242, with capital of $58,469,500, were organized under authority of the act of March 14, 1900, and 1,213, with capital of $144,587,800, under the act of 1864. The number of banks in existence in 1900 was 3,617, and on May 31, 1907, had been increased to 6,472. The authorized capital was increased from $616,308,095 to $892,970,275, and the circulation outstanding secured by bonds and by deposits of lawful money from $254,402,730 to $601,940,550.

It is of interest to note that during the period in question, of the 3,455 national banks chartered. 1,938 were of primary organization, 1,119 successions of state or private banks, closed for the purpose of reorganizing, and 398 conversions of state banks. The combined capital of the banks of the two latter classes was nearly equal to the aggregate capital of banks of primary organization.

MONEY, TRADE AND INVESTMENTS

New York, June 1, 1907.

An Extensive Decline in the Stock Market last month left prices very low as compared with previous records. Measured by the return in dividends or interest which the investor is now able to secure, both stocks and bonds in many instances are apparently selling far below their intrinsic value. But market values are not based solely upon the immediate yield which securities give, and the investor usually looks ahead and figures on the probability of the yield being maintained in the future. Doubts as to a property's ability to pay dividends later on, fears as to possible defaults in interest, overshadow everything else in the investor's mind whenever unfavorable conditions manifest themselves.

During the past month such conditions have been paramount. In the first place, the spectacle of wheat climbing above the dollar mark, and cotton advancing to the highest price touched in two years, all because of unfavorable reports as to the condition of those crops, would naturally produce a depressing effect upon the stock market

It is too early yet to predict a short crop of wheat this year, although the damage to the winter wheat crop has been extensive, the Government report of the May 1st condition showing a decline in condition of seven points in April, indicating a reduction in the estimated yield of approximately 90,000,000 bushels. In addition over 3,500,000 acres of wheat-sown land appears to have been abandoned. The indicated yield is 405,000,000 bushels, as compared with nearly 493,000,000 bushels harvested last year. This may be reduced, however, in consequence of the bad weather which prevailed during a part of May.

The Government report regarding cotton will not be issued until early in June, but a decline in the yield of this stable is looked for, probably not less than ten per cent. as compared with last year's yield. Sane private estimates make the reduction much greater. Taking the most conservative view, the cotton crop for 1906-'07 would approximate 10,000,000 bales, or the smallest yield since 1897 excepting the 1900 crop.

Wheat and cotton are two very important staples, the latter the more important as an export product. In wheat there is an opportunity to repair part of the loss, as the spring wheat crop is yet to be developed. The production of both wheat and cotton has been largely increased in recent years, as the following summary in five-year periods for the last forty years will indicate:

	Wheat Produced Bushels	Cotton Produced Bales
1867-1871	1,163,232,000	14,105,000
1872-1876	1,420,857,000	19,535,000
1877-1881	2,114,903,000	26,689,000
1882-1886	2,252,366,000	30,400,000
1887-1891	2,373,799,000	36,454,000
1892-1896	2,267,135,000	40,344,000
1897-1901	3,023,291,000	51,052,000
1902-1906	3,288,524,000	56,331,000

During the period ended 1896 there was a succession of reduced wheat crops, the 1893 yield being the smallest since 1885—only 396,000,000 bushels. After 1896, however, the yield never fell below 552,000,000 bushels and twice exceeded 700,000,000 bushels, in 1901 when it was 748,000,000 bushels, and in 1906, when it was 735,000,000 bushels. Compared with twenty years ago wheat production shows an increase of 1,000,000,000 bushels in the five-year period.

The production of cotton shows an increase in each period, and has more than doubled since 1881. The annual output has fallen below 10,000,000 bales only once since 1897. That was in 1900, when the yield was 9,436,000 bales. In 1905 it was 13,565,000 bales and last year 11,345,000 bales.

Aside from crop conditions gold exports came in for some attention. For nearly two years New York has avoided a foreign call for gold and in that time the country has gained by importation $145,000,000 gold. The last large export movement was in November, 1904, to February, 1905, when the net exports exceeded $53,000,000. About the middle of the month gold exports began to be talked of. The Bank of France had been making strenuous efforts to replenish its gold reserves and had been drawing upon London, while the Bank of England advanced the price of the metal. On May 27th announcement was made of an engagement of $800,000 gold in New York for shipment to Paris and this was followed two days later by an engagement of $2,000,000 more. Gold exports, however, have not as yet become a formidable menace. Any movement will hardly be of long duration, barring some unforeseen contingency.

An event which more than any other exerted a direct influence upon the stock market was the announcement of new issues of securities by the Union Pacific and Southern Pacific railroads. The directors of the latter decided to issue $36,000,000 preferred stock, payments thereof to be made 25 per cent. on June and July 15, and 50 per cent. on August 15. The Union Pacific directors decided to call a meeting of the stockholders in June to authorize the issue of $100,000,000 common stock, making the total outstanding $296,178,700. Against $42,857,143 of the proposed issue the directors decided to issue $75,000,000 convertible 4 per cent. twenty-year bonds. Subscriptions to the bonds are to be paid, 20 per cent. on July 10 and August 9 and the balance, 60 per cent., on September 20.

The subscriptions to these issues will call for the disbursement of $9,000,000 in June, $22,500,000 in July, $31,500,000 in August, and

$40,500,000 in September. The announcement at once caused a severe drop in the prices of Union Pacific and Southern Pacific securities, followed by a break in the general market.

The money market is still in a sensitive condition, and new demands by corporations, however imperative the necessity for them, serve to excite apprehension. There is evidence that many of the railroads are forced to place loans on terms which, in view of their financial standing, seem excessive. The past month has witnessed a number of borrowing operations of more or less magnitude.

The Atchison has invited its shareholders to subscribe to $26,000,000 ten-year 5 per cent. convertible bonds at par, the proceeds to be used for extensions, etc.

The Delaware and Hudson has sold an issue of $15,000,000 equipment 4½ per cent. fifteen-year bonds, which are being offered to the public at 95, making the yield about 5 per cent. per annum.

The General Electric Company is issuing $13,000,000 ten-year 5 per cent. debenture bonds at par.

The North American Company has sold an issue of $5,000,000 five-year 5 per cent. collateral trust notes, which are being offered to the public at 93⅝, realizing to the investor 6½ per cent. per annum.

The Cleveland, Cincinnati, Chicago and St. Louis Railway issued $5,000,000 four-year 5 per cent. gold notes, which are now being offered by banking houses at a price netting 6 per cent. on the investment.

The Chicago, Rock Island and Pacific Railway sold last month $10,000,000 first-mortgage refunding 4 per cent. bonds, due April 1, 1934. There are now being offered at 87, making the yield 4⅞ per cent.

The Interborough-Metropolitan Company borrowed about $3,000,000 on six-months' notes bearing 6 per cent. interest, and has authorized an issue of $15,000,000 three-year 5 per cent. collateral trust notes. The latter will be used in part in retiring the 6 per cent. notes.

Here is only a partial list of new issues authorized or sold during the past month. They indicate how extensive is the demand for new capital among the railroad and to some extent the industrial companies. This demand is so pressing that 5 per cent. or more is paid for the use of the money.

The situation as regards the railroads is not entirely favorable. Gross earnings continue to increase and the returns for April show substantial and quite general gains, although account is to be taken of the fact that in April last year there was a coal strike which affected the earnings of a number of roads. Nevertheless the gross earnings then showed an increase over the previous year of over 11 per cent., and this year shows a further gain of 16 per cent. It is as regards net earnings, however, that there is cause for a discouraging view. Since last autumn the exhibit has been taking on a worse condition, and the higher cost of wages and material is swelling the operating expenses and cutting down the profits of the roads.

In March the gross earnings as compiled by the "Financial Chronicle" showed a gain of nearly $13,000,000, while the net earnings increased less than $64,000. For the first quarter of the year gross earnings increased $33,000,000 while net earnings show a decrease of over $2,000,000. The tendency of railroad earnings, gross and net, since January, 1906, is seen in the accompanying summary.

	Gross Earnings.		Net Earnings.	
	Amount	Per Cent.	Amount	Per Cent.
January 1906	Increase $21,824,988	20.44	Increase $11,676,497	43.25
February "	" 25,102,783	26.25	" 13,549,271	67.96
March "	" 12,977,479	11.10	" 5,036,842	14.26
April "	" 5,399,836	5.16	" 1,411,004	4.67
May "	" 9,517,444	8.99	" 3,467,365	11.20
June "	" 10,122,209	11.21	" 3,627,330	13.21
July "	" 14,880,078	12.94	" 6,089,834	16.58
August "	" 14,691,092	11.95	" 5,855,143	12.53
September "	" 10,056,999	7.35	" 2,687,914	5.56
October "	" 14,842,203	11.55	" 4,858,869	10.38
November "	" 9,378,502	7.30	" 1,559,127	3.35
December "	" 11,001,791	8.82	" 887,282	2.07
January 1907	" 10,176,033	8.22	Decrease 809,874	2.18
February "	" 8,797,150	7.64	" 1,650,601	5.11
March "	" 12,980,393	10.09	Increase 63,814	0.15

It is generally admitted by railroad managers that operating expenses have reached a point where curtailment seems to be necessary and there are reports of employees in large numbers being discharged. On the other hand the railroads in some quarters are confronted by demands, some of them legislative, for lower rates, which makes the situation still the more embarrassing.

The position of the President of the United States regarding Government control of the railroads continues to be a live issue, and the most antagonistic views are expressed. The President's address at Indianapolis on May 30 has revived discussion as to what he proposes doing. That he intends, as far as in his power, to compel in the future those who control public utility corporations to respect the recognized rights, both of the public and of those stockholders who have no part in the management, admits of no question. That he intends to run amuck and destroy confidence in all corporations, as some of his critics claim, seems a far-fetched conclusion.

If confidence has been disturbed by the revelations which in the last few years have uncovered certain methods of corporate management, the responsibility should rest not upon those who have discovered the wrongdoing but upon those whose wrongful acts have been revealed. If the President has undertaken the task of preventing future wrongs, and succeeds in the undertaking, the confidence which will then be created will be more substantial and more enduring, than any confidence that has previously existed and been abused.

The President's advocacy of a physical valuation of railroad properties is perhaps the most criticized of all the propositions he has made. It is possible for an honest difference of opinion to exist regarding it. But his purpose to prevent the watering of capital should appeal to the many thousands of investors who have been victimized by that method of financing in the past. A few over-zealous champions of things as they are deny any evil results from stock-watering or the manufacture of capital out of nothing. They deny that over-capitalization has the remotest connection with the adjustment of railroad rates, while at our very doors is the evidence of transportation rates over municipal lines made unduly high because of the fictitious capital upon which those lines are paying dividends. But the wrong done investors is so little open to question that demonstration is unnecessary. Whether it be a railroad corporation, a mining company, or an industrial concern, when securities representing no actual value are issued, somebody is tricked into paying good money for them. So, when the defence is raised that "inflated securities are justly measured where values are fixed and no one is deceived," the experience of the whole investment world is disputed.

How great a part inflated securities have played in doing injury to investors may be approximately determined by an examination of the very valuable statistical reports of the Interstate Commerce Commission. From them the following table, showing the amount of capital stock of railroads paying and not paying dividends from 1896 to 1905 has been prepared:

Year	Paying No Dividend		Paying Dividends		Average Rate of Dividends
	Amount	Per Cent. of Total Stock	Amount of Stock	Amount of Dividends	
1896	$3,667.503,194	70.17	$1,559,024,075	$87,603,371	5.62
1897	3,761,092,277	70.10	1,603,549,978	87,110,599	5.43
1898	3,570,155.239	66.26	1,818,113,082	96,152,889	5.29
1899	3,275,509,181	59.39	2,239,502,545	111,009,822	4.96
1900	3,176,609,698	54.34	2,668,969,895	139,597,972	5.23
1901	2,828,991,025	48.73	2,977,575,179	156,735.784	5.26
1902	2,686,556,614	44.60	3,337,644,681	185,391,055	5.55
1903	2,704,821,163	43.94	3,450,737,869	196,728,176	5.70
1904	2,686,472,010	42.53	3,643,427,319	221,941,049	6.09
1905	2,485,470,337	37.16	4,119,086,714	237,964,482	5.78

In 1896 more than $3,367,000,000 of railroad stocks, over 70 per cent. of the total stock capital of the railroads in the country, paid nothing to their owners. Even in 1905, with ten years of prosperity to create value where there was none before, $2,435,000,000 of railroad stock was paying no dividend to its owners. Nor did all the stock-paying dividends return a fair yield to the investor.

The table, however, makes an interesting showing in the improvement indicated in railroad affairs. In 1896 less than 30 per cent. of the total railroad stock capital paid a dividend. In 1905 nearly 63 per cent. was returning something upon the investment. The average rate paid has not varied much, however. except in one or two exceptional years.

Another table shows the proportion of bonded debt paying no interest:

In 1896 no interest was paid on $860,000,000 of bonds, while in 1905 the amount was $449,000,000. Of the $860,000,000 total bonded debt in default, $276,000,000 consisted of income bonds representing nearly 88 per cent. of the bonds of that class. The fact that only about 12 per cent. of all income bonds outstanding in 1896 yielded any income what-

Year	Funded Debt Paying No Interest.		Income Bonds Paying No Interest	
	Amount	*Per Cent. of Total Debt*	*Amount*	*Per Cent. of total income bonds*
1896	$860,559,442	16.26	$276,611,094	87.96
1897	867,950,840	16.59	215,344,972	82.87
1898	852,402,622	15.82	180,161,560	68.71
1899	572,410,746	10.45	127,527,985	49.04
1900	378,937,806	6.78	95,284,008	43.40
1901	361,905,203	6.23	85,156,746	38.91
1902	294,175,243	4.89	75,578,072	31.15
1903	272,788,421	4.33	71,114,972	30.39
1904	300,894,215	4.49	64,027,728	27.85
1905	449,100,396	6.36	68,022,470	26.81

ever indicates how poor an investment an income bond was in those days. In 1905 nearly 27 per cent. was non-productive. As with the stocks, a very great improvement in conditions is shown in the case of bonds. Investors are faring better than they were ten years ago. But if account were taken of all the securities that have ceased to exist during the last ten years, and in which every dollar invested was absolutely lost, the argument against fictitious capital would be materially strengthened.

There are still evidences of great activity in business throughout the country, and the factors of prosperity are manifest in all directions. The iron trade still appears to be a trustworthy barometer, the production of pig iron once more being at the maximum. On May 1 the weekly capacity of the furnaces in blast was 523,912 tons, the highest previous record being 513,860 tons on December 1 last. On February 1 it was down to 492,359 tons, while a year ago it was only 484,031 tons.

The Money Market.—There was an easy money market throughout the month. Call money was quoted as high as 4 per cent. early in the month, but subsequently did not go above 3 per cent., and in the last half of the month was not higher than 2½ per cent. At the close of the month call money ruled at 1¾@2½ per cent., with the majority of loans at 1¾ per cent. Banks and trust companies loaned at 1½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 2½@3 per cent. for thirty days, 3½ per cent. for sixty days, 3½ per cent. for ninety days, 4 per cent. for four months, 4½ per cent. for five months, and 4¾ per cent. for six months, on good mixed collateral. For commercial paper the rates are 5@5½ per cent. for sixty to ninety days' endorsed bills receivable, 5@5½ per cent. for first-class four to six months' single names, and 5½ per cent. for good paper having the same length of time to run.

New York Banks.—In the first week of May deposits increased $14,000,000 and loans $17,000,000, but in the following two weeks the former fell to the amount reported on April 27, while loans were reduced $15,500,000. Then followed another increase, the deposits at the close of the month being $22,000,000 more than they were a month ago and loans $16,000,000 more. The deposits were swelled by deposits of trust companies, which have found the low rates prevailing for money not attractive at the present time. The banks have in many instances found it wise to restrict loans, although the latter are in excess of the deposits by $11,000,000. The reserves have increased $6,000,000, while the surplus reserve is about $500,000 larger than at the close of April.

Money Rates in New York City.

	Jan. 1.	Feb. 1.	Mar. 1.	Apr. 1.	May 1.	June 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances........	6 —40	1¾—3½	5¼—6	2¾—5	1¾—2¼	1¾—2½
Call loans, banks and trust companies.	4 —	2 —	4 —	3 —	1¾—2	1½—
Brokers' loans on collateral, 30 to 60 days.	6½-7	5¼- ½	5¼—	6½—	3½—	2½—3½
Brokers' loans on collateral, 90 days to 4 months.	6½—7	5½—	5¼- ½	6 —	3¾—4	3¾—4
Brokers' loans on collateral, 5 to 7 months.	6 — ½	5½- ¾	5½- ¾	6 —	4½—	4½- ¾
Commercial paper, endorsed bills receivable, 60 to 90 days.	6 — ½	5¾—6¼	5¾—6	6 —½	5½—8	5 — ½
Commercial paper, prime single names, 4 to 6 months.	6 — ½	5¾—6¼	5¾—6	6 —½	5½—6	5 — ½
Commercial paper, good single names, 4 to 6 months.	6½—7	6½—	6½—	6¾—7	6 —7	5½—

New York City Banks—Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
May 4...	$1,140,820,300	$212,884,500	$74,090,100	$1,120,599,900	$ 6,824,625	$50,120,300	$1,838,644,700
" 11...	1,126,223,000	212,484,800	72,106,200	1,104,419,100	8,486,225	50,181,500	1,644,241,600
" 18...	1,124,808,700	215,060,200	72,937,700	1,106,100,900	11,472,675	50,440,400	1,613,334,900
" 25...	1,126,389,500	221,189,600	72,659,400	1,112,640,500	15,688,875	50,659,600	1,656,086,100
June 1...	1,139,931,100	221,928,000	72,903,100	1,128,194,600	12,782,450	50,628,900	1,386,695,300

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1905.		1906.		1907.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$1,104,049,100	$18,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April..........	1,138,661,300	8,664,575	1,004,290,500	5,131,270	1,019,817,300	13,131,275
May..........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,300	12,346,775
June..........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	1,128,194,600	12,782,450
July..........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	....	....
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	....	....
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	....	....
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,850	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December ...	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

Non-Member Banks—New York Clearing-House.

Dates.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. banks.	Surplus Reserve.
May 4.....	$119,229,200	$129,548,500	$5,454,100	$6,097,600	$15,256,000	$3,950,000	* $1,629,425
" 11.....	121,070,800	130,957,400	5,505,700	6,350,700	15,171,600	3,655,600	* 2,055,750
" 18.....	118,933,500	127,781,900	5,381,700	6,580,500	14,091,900	3,900,700	* 1,990,675
" 25.....	117,951,800	126,584,200	5,631,600	6,556,900	14,109,900	3,999,100	* 1,348,550
June 1.....	117,829,700	126,665,700	5,574,000	6,489,400	13,925,000	4,130,100	* 1,547,925

* Deficit.

BOSTON BANKS.

DATES.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
Apr. 27........	$190,124,000	$223,683,600	$19,055,000	$4,851,000	$8,506,000	$163,792,400
May 4........	190,849,000	227,257,000	19,208,000	4,871,000	8,525,000	191,385,900
" 11........	191,569,000	218,193,000	19,135,000	4,153,000	8,484,000	156,747,100
" 18........	191,665,000	218,740,000	18,051,000	4,270,000	8,499,000	157,947,400
" 25........	190,782,000	214,616,000	17,632,000	4,416,000	8,492,000	140,823,100

PHILADELPHIA BANKS.

DATES.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings
Apr. 27....................	$223,071,000	$259,284,000	$60,547,000	$13,989,000	$138,810,200
May 4....................	224,495,000	260,589,000	59,741,000	14,015,000	158,783,500
" 11....................	226,382,000	259,958,000	57,890,000	14,009,000	142,592,200
" 18....................	225,300,000	264,595,000	60,398,000	14,031,000	144,546,800
" 25....................	236,050,000	265,331,000	60,319,000	14,055,000	138,469,700

FOREIGN BANKS.—The Bank of France and the Bank of Germany drew gold to their coffers during the past month. The former gained $11,000,000 and now has $2,500,000 more than on March 1 last, but $58,000,000 less than it held a year ago. The Bank of Germany gained $16,000,000 and holds within $1,000,000 as much as it had at this time last year. The Bank of England lost nearly $3,000,000, but is $8,000,000 ahead of a year ago.

GOLD AND SILVER IN THE EUROPEAN BANKS.

	April 1, 1907.		May 1, 1907.		June 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England............	£34,996,242	....	£35,757,974	....	£35,237,110	....
France.............	104,168,157	£39,182,743	103,634,780	£39,208,552	105,964,857	£39,558,199
Germany...........	34,439,000	11,479,000	33,692,000	11,231,000	36,960,000	12,810,000
Russia..............	118,513,000	5,537,000	117,391,000	6,125,000	116,071,000	6,295,000
Austria-Hungary..	45,376,000	12,425,000	45,595,000	12,528,000	45,644,000	12,782,000
Spain...............	15,435,000	25,048,000	15,469,000	25,388,000	15,499,000	25,528,000
Italy.	32,461,000	4,985,600	32,337,000	4,963,100	32,319,000	4,947,000
Netherlands.......	5,145,400	5,764,600	5,184,600	5,667,000	5,339,800	5,599,200
Nat. Belgium......	3,327,333	1,663,667	3,203,333	1,601,667	3,254,000	1,627,000
Sweden.............	4,161,000	....	4,148,000	....	4,145,000	....
Totals..........	£398,022,132	£106,085,610	£396,412,687	£106,727,319	£400,393,767	£108,591,799

FOREIGN EXCHANGE.—The market for sterling exchange, after advancing early in the month, became weak, and there was some speculative selling on the belief that money in the local market would become dearer and that the Secretary of the Treasury would withdraw public deposits

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING.		Cable transfers.	Prime commercial, Long.	Documentary Sterling. 60 days.
	60 days.	Sight.			
May 4...........	4.8350 @ 4.8360	4.8640 @ 4.8645	4.8675 @ 4.8680	4.83⅛ @ 4.83¼	4.82½ @ 4.83⅜
" 11...........	4.8340 @ 4.8350	4.8620 @ 4.8625	4.8655 @ 4.8660	4.83 @ 4.83½	4.82½ @ 4.83¼
" 18...........	4.8400 @ 4.8410	4.8690 @ 4.8700	4.8730 @ 4.8735	4.83⅝ @ 4.83¾	4.83 @ 4.84
" 25...........	4.8355 @ 4.8365	4.8675 @ 4.8680	4.8715 @ 4.8720	4.83¼ @ 4.83⅜	4.82⅝ @ 4.83¾
June 1...........	4.8370 @ 4.8380	4.8675 @ 4.8685	4.8725 @ 4.8735	4.83⅜ @ 4.83½	4.82⅝ @ 4.83¾

from the national banks in order to discourage gold exports. Some $2,800,000 of gold was exported to Paris in the last week of the month, but with a very narrow margin of profit.

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Feb. 1.	Mar. 1.	April 1.	May 1.	June 1.
Sterling Bankers—60 days	4.80½— ⅝	4.80⅜— ½	4.78¾— 79	4.83⅛— ¼	4.83¾— ⅞
" " Sight	4.84⅝— ¾	4.84⅝— ¾	4.83⅛— ¼	4.86⅛—	4.86¾— ⅞
" " Cables	4.85⅜— ½	4.85⅜— ½	4.83⅞— 84	4.86⅜— ½	4.87¼— ⅜
" Commercial long	4.80⅛— ¼	4.80⅛— ¼	4.78¼— ½	4.82⅞— 83	4.83⅜— ½
" Docu'tary for paym't.	4.79½— 80¼	4.79⅝— ¾	4.77¾— 9¼	4.82⅜— 83	4.82⅝— 3¾
Paris—Cable transfers	5.19⅜— 18¾	5.20⅝—	5.22½—	5.16⅞—	5.15⅝— 1/16
" Bankers' 60 days	5.23⅛— 22½	5.24⅜— 23¾	5.26¼— 25⅝	5.20⅝— 20	5.19⅜— 18¾
" Bankers' sight	5.20 1/16—	5.21¼—	5.23⅛—	5.17½—	5.16¼— 15⅝
Swiss—Bankers' sight	5.20⅝— 1/16	5.20⅝— 1/16	5.24⅜— 3¾	5.18⅛— 17½	5.16¼— 15⅝
Berlin—Bankers' 60 days	93 13/16— ⅞	93⅝— ¾	93⅜— ½	94 7/16— 9/16	94 9/16— 11/16
" Bankers' sight	94⅛— ⅝	94 7/16— 9/16	94 3/16— ¼	94 15/16— 95	95⅛— 3/16
Belgium—Bankers' sight	5.21⅞— ¼	5.22½— 21⅞	5.25 — 4⅜	5.18¾— 17½	5.18⅛— 17½
Amsterdam—Bankers' sight	40 — 1/16	39¾— 13/16	39 13/16— ⅞	40¼—	40¼—
Kronors—Bankers' sight	26⅝— ⅞	26⅝— ⅞	26⅝— ⅞	26⅝— ⅞	26¾— 27
Italian lire—sight	5.19⅜—	5.21¼—	5.24⅜— 23¾	5.18¾— ⅛	5.16⅞— ¼

Money Rates Abroad.—There was no change in the posted rates of discount of the leading foreign banks last month. Open market rates are lower in London and practically unchanged on the Continent. Discounts of sixty to ninety-day bills in London at the close of the month were 3⅜ per cent., against 5¾ per cent. a month ago. The open market rate at Paris was 3¼ per cent., the same as a month ago, and at Berlin and Frankfort 4⅝ per cent., against 4½ per cent. a month ago.

Bank of England Statement and London Markets.

	Feb. 28, 1907.	Mar. 31, 1907.	Apr. 30, 1907.	May 31, 1907.
Circulation (exc. b'k post bills)	£27,885,000	£29,260,000	£29,165,000	£28,822,000
Public deposits	14,980,000	14,916,000	9,288,000	10,689,000
Other deposits	42,741,000	43,046,000	46,005,000	42,852,000
Government securities	15,454,000	15,450,000	15,321,000	15,821,000
Other securities	33,23·,000	37,809,000	32,844,000	30,733,000
Reserve of notes and coin	27,294,000	24,187,000	25,042,000	24,864,000
Coin and bullion	36,729,632	34,996,242	35,757,974	35,237,110
Reserve to liabilities	47.22%	40.95%	45.21%	46.82%
Bank rate of discount	5%	5%	4%	4%
Price of Consols (2½ per cents.)	87	85 11/16	84 13/16	84⅛
Price of silver per ounce	32⅛d.	30⅝d.	30 7/16d.	30 15/16d.

Silver.—After displaying weakness early in the month, the silver market in London developed strength, the price advancing from 29 15-16d. on May 8 to 31⅛d. on May 28. At the close of the month the price was 30 15-16d., a net advance of ½d. compared with a month ago.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.	Month.	1905. High	1905. Low	1906. High	1906. Low.	1907. High	1907. Low.
January	28⅜	27 9/16	30¼	29 11/16	32 7/16	31¼	July	27 5/16	26⅞	30 7/16	29 13/16	....	....
February	28 5/16	27⅝	30 11/16	30⅛	32⅛	31½	August	28¾	27⅛	30 15/16	29⅞	....	....
March	27 11/16	25 13/16	30 7/16	29	32 1/16	30⅝	Septemb'r	28¾	28	31¾	30 13/16	....	....
April	26⅝	25 7/16	30 5/16	29⅝	30½	30	October	28 15/16	28⅜	32 9/16	31 11/16	....	....
May	27 5/16	26⅛	31⅝	30 9/16	31⅛	29 15/16	Novemb'r	30 5/16	28 13/16	33⅛	32	....	....
June	27⅛	26¾	31 1/16	29⅝	....	....	Decemb'r	30 5/16	29⅝	32 5/16	31 9/16	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.86	4.89	Mexican 20 pesos	19.50	19.65
Twenty francs	3.84	3.88	Ten guilders	3.95	4.00
Twenty marks	4.76	4.80	Mexican dollars	.52	.54
Twenty-five pesetas	4.78	4.82	Peruvian soles	.47	.50
Spanish doubloons	15.50	15.65	Chilian pesos	.47	.50

Bar silver in London on the first of this month was quoted at 30 13/16d. per ounce. New York market for large commercial silver bars, 67⅛ @ 68⅛c. Fine silver (Government assay), 67¼ @ 68⅝c. The official price was 67⅛c.

National Bank Circulation.—An increase of $2,026,710 in national bank circulation in May brings the total outstanding up to $601,940,550. This is the first time this circulation has reached $600,000,000. The bonds deposited to secure circulation increased $3,700,000. There was an income of more than $4,000,000 in the 2 per cent. bonds deposited, while the 4 per cent. bonds of 1907 were reduced over $600,000, leaving only $626,750 of this issue now used as a basis of circulation. These bonds mature July 1 and will be paid off. Three months ago the banks held over $28,000,000 as security for circulation.

National Bank Circulation.

	Feb. 28, 1907.	*Mar. 31, 1907.*	*Apr. 30, 1907.*	*May 31, 1907.*
Total amount outstanding	$596,343,022	$597,212,063	$599,913,840	$601,940,550
Circulation based on U. S. bonds	549,737,373	547,633,063	550,204,771	553,614,574
Circulation secured by lawful money	46,605,649	49,579,000	49,709,069	48,325,976
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	28,379,250	27,471,750	1,290,550	626,750
Four per cents. of 1925	7,329,900	7,546,900	7,658,900	7,859,400
Three per cents. of 1908-1918	4,398,020	4,460,220	4,272,820	4,362,420
Two per cents. of 1930	495,820,700	493,830,950	523,055,200	527,138,150
Panama Canal 2 per cents	17,028,080	16,828,080	16,921,580	16,950,580
Total	$552,955,950	$550,137,900	$553,199,050	$556,937,300

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $710,600; 4 per cents. of 1925, $5,474,750; 3 per cents. of 1908-1918, $7,412,000; 2 per cents. of 1930, $66,358,900; Panama Canal 2 per cents. $12,708,800; District of Columbia 3.65's, 1924, $1,113,000; Hawaiian Islands bonds, $1,713,000; Philippine loan, $9,761,000; state, city and railroad bonds, $89,851,675; Porto Rico, $1,730,000; a total of $195,838,725.

Government Revenues and Disbursements.—The United States Treasury reports a surplus in May of $8,575,000, making the excess of revenues over disbursements for the ten months of the fiscal year $65,000,000. In 1906 the surplus in May was only about $2,000,000 and for the eleven months only $6,000,000. The receipts for the fiscal year to date show an increase of $63,000,000, of which $30,000,000 is in customs, $19,000,000 in internal revenue, and $13,000,000 in miscellaneous. The expenditures increased less than $4,000,000, but as naval disbursements decreased nearly $15,000,000 and pensions $2,000,000, other items show a larger increase, the largest being $10,000,000 in public works.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	*May, 1907.*	*Since July 1, 1906.*
Customs	$27,352,630	$304,917,679
Internal revenue	22,803,570	245,796,682
Miscellaneous	7,331,812	51,880,311
Total	$57,488,012	$602,594,672
Excess of receipts	$8,575,212	$65,050,963

Expenditures.

Source.	*May, 1907.*	*Since July 1, 1906*
Civil and mis	$9,914,870	$116,052,844
War	7,173,718	95,122,313
Navy	8,923,377	88,800,079
Indians	1,135,691	14,261,004
Pensions	12,919,925	128,705,933
Public works	7,605,571	70,336,553
Interest	1,239,648	24,264,983
Total	$48,912,800	$537,543,709

United States Public Debt.—Nearly $12,000,000 of the 4 per cent. bonds of 1907 were retired in May, of which more than $10,000,000 were exchanged for 2 per cent. bonds. There are less than $42,000,000 of the 4 per cents. outstanding, and they will disappear from the interest-bearing debt on July 1. There was little change in other items in the debt statement except a further increase in gold certificates of nearly $9,000,000. The net cash balance in the Treasury increased $6,000,000, while the surplus revenues in May are reflected in a reduction of $8,500,000 in the net debt less cash in the Treasury, which now is below $895,000,000.

United States Public Debt.

	Mar. 1, 1907.	*April 1, 1907.*	*May 1, 1907.*	*June 1, 1907.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent.......	$595,942,350	$595,942,350	$635,609,050	$645,761,650
Funded loan of 1907, 4 per cent........	111,696,300	99,830,800	53,500,600	41,752,400
Refunding certificates, 4 per cent......	25,510	25,150	23,620	23,370
Loan of 1925, 4 per cent.................	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent........	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt...........	$920,099,510	$908,233,660	$901,568,630	$899,972,780
Debt on which interest has ceased... ...	1,095,695	1,095,365	1,095,135	1,086,925
Debt bearing no interest:				
Legal tender and old demand notes.....	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct..	46,005,527	49,046,767	48,463,418	47,753,708
Fractional currency....................	6,864,477	6,864,477	6,864,477	6,864,477
Total non-interest bearing debt......	$399,604,302	$402,645,542	$402,062,193	$401,352,483
Total interest and non-interest debt.	1,320,799,508	1,311,974,568	1,304,725,959	1,302,412,189
Certificates and notes offset by cash in the Treasury:				
Gold certificates........................	646,082,869	652,191,869	672,336,869	681,249,869
Silver certificates.......................	471,993,000	471,673,000	476,150,000	475,734,000
Treasury notes of 1890	6,385,000	6,282,000	6,182,000	6,078,000
Total certificates and notes...........	$1,124,460,869	$1,130,146,869	$1,154,668,869	$1,163,061,869
Aggregate debt	2,445,260,377	2,442,121,437	2,459,394,828	2,465,474,058
Cash in the Treasury:				
Total cash assets	1,635,484,485	1,648,790,810	1,672,151,086	1,682,641,381
Demand liabilities.......................	1,235,329,830	1,245,922,807	1,270,762,744	1,275,011,716
Balance	$400,154,654	$402,868,002	$401,388,342	$407,629,664
Gold reserve..............................	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance.........................	250,154,654	252,868,002	251,388,842	257,629,664
Total	$400,154,654	$402,868,002	$401,388,342	$407,629,664
Total debt, less cash in the Treasury.....	920,644,854	909,106,566	903,337,617	894,782,525

Foreign Trade.—The export movement of merchandise continues to make new records, the total for April being $157,000,000, or $13,000,000 more than in 1906. These are the largest exports ever recorded in April. The imports in April are not only the largest for that month, but are within about $5,000,000 of the highest record for any month. The imports were valued at $129,000,000, an increase over 1906 of $22,000,000. For the ten months of the current fiscal year the exports show an increase of $120,000,000 and the imports of $174,000,000. The net balance of exports for the month is $28,000,000, and for the ten months $413,000,000. The latter is $54,000,000 less than in the previous year. There were net imports of gold in April amounting to $2,726,831, making for the ten months a total of $86,613,300. Silver exports fell to $941,514 in April, making $11,000,000 in the ten months, or $8,000,000 less than in 1906.

Money in Circulation in the United States.—The money circulation increased nearly $7,700,000 in May and now amounts to about $2,940,000,000. The per capita circulation increased from $34.16 to $34.20.

Exports and Imports of the United States.

Month of April.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1902	$109,169,873	$75,822,268	Exp., $33,347,605	Exp., $979,487	Exp., $1,689,526
1903	109,827,215	87,682,106	" 22,145,109	Imp., 351,845	" 1,085,898
1904	109,880,405	83,521,882	" 26,358,523	" 9,180,288	" 1,617,322
1905	128,575,374	95,110,288	" 33,465,086	" 1,277,183	" 242,277
1906	144,380,040	107,318,081	" 37,061,959	Exp., 12,456,031	" 1,379,828
1907	157,454,631	129,279,800	" 28,175,331	Imp., 2,726,831	" 941,514
Ten Months.					
1902	1,190,157,387	754,516,807	Exp., 435,640,580	Imp., 228,726	Exp., 18,214,429
1903	1,223,989,242	864,684,323	" 359,304,919	" 20,256,890	" 20,045,332
1904	1,277,715,480	829,231,975	" 448,483,505	" 46,828,164	" 16,931,002
1905	1,273,614,611	934,540,402	" 339,074,209	Exp., 39,238,805	" 17,290,923
1906	1,488,282,130	1,020,873,178	" 467,408,952	Imp., 29,346,571	" 19,534,562
1907	1,608,355,030	1,195,124,501	" 413,230,529	" 86,613,300	" 11,194,235

Money in Circulation in the United States.

	Mar. 1, 1907.	*April 1, 1907.*	*May 1, 1907.*	*June 1, 1907.*
Gold coin	$692,895,812	$690,439,279	$691,481,469	$695,680,258
Silver dollars	82,917,781	82,933,706	82,528,304	82,083,942
Subsidiary silver	120,773,109	121,059,538	121,349,701	121,726,527
Gold certificates	601,459,899	610,173,479	630,871,839	630,685,409
Silver certificates	464,622,489	466,962,033	469,829,163	470,459,252
Treasury notes, Act July 14, 1890	6,867,091	6,271,741	6,168,758	6,066,780
United States notes	338,927,518	341,746,454	341,979,242	343,100,193
National bank notes	582,758,023	586,823,643	588,397,549	590,080,208
Total	$2,890,721,222	$2,906,399,868	$2,932,106,025	$2,939,782,569
Population of United States	85,602,000	85,720,000	85,838,000	85,956,000
Circulation per capita	$33.77	$33.91	$34.16	$34.20

Money in the United States Treasury.—The Treasury reduced its net holdings of money $3,400,000 in May, about $3,000,000 of the decrease being in gold. Nearly $12,000,000 of gold coin and bullion came out of the Treasury, which was partly replaced by an increase of over $8,600,000 in gold certificates held.

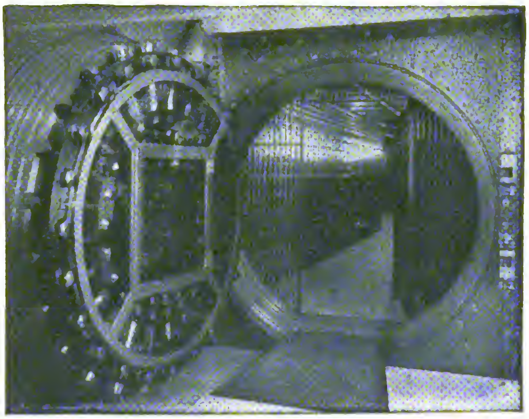
Money in the United States Treasury.

	Mar. 1, 1907.	*April 1, 1907.*	*May 1, 1907.*	*June 1, 1907.*
Gold coin and bullion	$912,076,615	$920,934,471	$926,412,272	$923,456,633
Silver dollars	485,333,749	485,327,824	485,723,226	486,167,528
Subsidiary silver	7,361,332	7,875,520	8,419,788	9,052,491
United States notes	7,753,498	4,934,562	4,701,774	3,580,823
National bank notes	13,584,999	10,388,420	11,516,291	11,910,342
Total	$1,426,110,193	$1,428,960,797	$1,436,773,351	$1,434,167,877
Certificates and Treasury notes, 1890, outstanding	1,072,448,979	1,083,407,253	1,106,369,760	1,107,161,441
Net cash in Treasury	$353,661,214	$345,553,544	$330,403,591	$327,006,436

Supply of Money in the United States.—The increase in the total stock of money in the country last month was only $4,000,000, about equally divided between gold and national bank notes. This is the smallest increase in a number of months, and follows the falling off in gold imports.

Supply of Money in the United States.

	Mar. 1, 1907.	*April 1, 1907.*	*May 1, 1907.*	*June 1, 1907.*
Gold coin and bullion	$1,604,972,427	$1,611,378,750	$1,617,898,741	$1,619,136,891
Silver dollars	568,251,530	568,251,530	568,251,530	568,251,530
Subsidiary silver	128,134,441	128,435,053	129,769,489	130,779,018
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	596,343,022	597,212,063	599,913,840	601,940,550
Total	$3,244,382,436	$3,251,953,412	$3,262,509,616	$3,266,789,005



BANKING AND FINANCIAL NOTES

NEW YORK CITY

—The Mutual Alliance Trust Company will erect a building for its own use at 266 and 268 Grand street. Its new office at Lenox avenue and 116th street was opened on June 1.

—On May 6 the Home Trust Company opened an office in the "Evening Post" Building, No. 20 Vesey street.

—On May 21 the Fidelity Trust Company, with a capital and surplus amounting to $1,500,000, opened for business in the Irving Building at Chambers and Hudson streets. This company is an outgrowth of the Irving and Atlas Trust companies, which had formerly planned to begin business as separate organizations, but finally decided to merge under the name of the Fidelity Trust Company. Samuel S. Conover is president of the new company and reports that a large line of deposits has already been secured.

—Recently the Night and Day Bank, at 5th avenue and 44th street, celebrated its first anniversary. Its deposits now amount to nearly $2,600,000. At a meeting of the directors of this bank held a short time ago Marsden J. Perry was elected vice-president to fill a vacancy.

—J. O. Loughlin, heretofore assistant cashier of the Beaver National Bank, has been appointed cashier.

—F. R. Russell has been appointed assistant cashier of the National Bank of Commerce.

—A branch of the United States Mortgage and Trust Company was opened on June 1 in the Bishop Building at 125th street and Eighth avenue.

—A new national bank is being organized to be known as the Central Park West National Bank. The capital is expected to be $200,000. Hugh R. Garden, Shirley E. Johnson, John Franklin Crowell, Edward A. Freshman and Frederick A. Richardson are the organizers.

—The Carnegie Trust Company of New York has qualified with the Auditor of Public Accounts at Springfield, Ill., by making the required deposit of $5,000 of approved securities, and is now authorized to do a trust business in that state.

On June 1 this company reported $5,719,411.67 deposits and 1,028 depositors.

—Frank Tilford, who founded the Lincoln Trust Company in 1902, and who has been vice-president and chairman of the executive committee, was recently elected president of the company to succeed Henry R. Wilson, resigned.

—H. M. Swetland and Otis H. Cutler are new directors of the Commercial Trust Company.

—The Sherman National Bank is being organized with $200,000 capital. It will occupy the quarters in the Astor Court Building lately vacated by the Astor National Bank.

—New York Chapter of the American Institute of Banking recently closed its series of meetings, until next fall and elected the following governors: N. D. Alling, Nassau Bank; Thomas Hunter, National Park Bank; C. R. Dunham, Citizens' National Bank; W. M. Rosendale, Market and Fulton National Bank; W. E. Stevens, Bronx Savings Bank; Alfred M. Barrett, Guardian Trust Company; E. H. Cook, Plaza Bank; E. M. Riley, Northern Bank.

At the meeting of the board of trustees held recently at Hot Springs it was decided to change the name of the institute from American Institute of Bank Clerks to American Institute of Banking, and a number of other changes were made which are calculated to place the government of the institute more in the hands of the chapters as represented by the officers elected at the annual convention.

The convention for 1907 will be held at Detroit on Aug. 22, 23, and 24. Any information desired regarding the convention will be furnished by the committee on transportation, composed of W. M. Rosendale, Chairman; J. H. Thompson, and A. G. Atkin.

NEW ENGLAND STATES.

—James P. Stearns, resigned as president of the National Shawmut Bank, Boston, on May 2 and was succeeded by Col. William A. Gaston, a member of the executive committee of the board of directors. Mr. Stearns will hereafter serve as chairman of the board.

—As a result of its first year's business the Fidelity Trust Company of

Portland, Maine, reports $1,087,279 total deposits, there having been a gradual increase each month since the company began business. This company has $150,000 capital, the same amount of surplus and about $13,000 undivided profits.

—R. G. Fessenden, the new president of the American Trust Company, of Boston, was born in that city in October, 1869, and was educated at private schools there, later going to Harvard College, from which he graduated in 1890. Upon his graduation he worked with the Thomson-Houston Company about a year and a half, and then went into the real estate business. For the last thirteen or fourteen years he has been associated with Edward H. Eldredge & Company, in general real estate, brokerage and care of property. He is a director of the Massachusetts Charitable Eye and Ear Infirmary, Boston Provident Association, and the Associated Charities.

MIDDLE STATES.

—Beginning with June 1 the dividend rate of the Columbia National Bank of Buffalo will be fifteen per cent. a year instead of twelve per cent., the former rate.

—Stockholders of the Commercial and Farmers' National Bank of Baltimore, will vote on June 27 on increasing the capital stock from $500,000 to $700,000. The additional $200,000 of capital will be offered to stockholders at $120 a share.

—It is stated that the new building just completed for the Union National Bank of Philadelphia is one of the finest banking houses in the state.

—The Ester law, lately passed by the Pennsylvania Legislature, requires trust companies to keep a reserve of fifteen per cent., one-third of which must be in cash, and one-third may be deposited with reserve agents, and one-third put in bonds that are legal investments.

—The First National Bank of Albany, N. Y., reported on May 20: Capital, $600,000; surplus, $200,000; undivided profits, $17,969; deposits, $6,131,758.

—In addition to declaring a semi-annual dividend of six per cent. payable

May 1, the directors of the Franklin National Bank of Philadelphia have added $250,000 to the surplus fund, making the total of that item $2,000,000.

—The First National Bank of Irwin, Penn., which was organized in 1892, moved into its new building about two years ago since which time the deposits have increased about sixty per cent., and now amount to approximately $450,000. The loans and discounts exceed $400,000. The bank has $50,000 capital and $70,000 surplus and undivided profits. The new home of the bank is one of the finest banking buildings in Western Pennsylvania, and is fitted up with everything necessary to the convenient and safe transaction of the bank's large volume of business.

—The annual convention of the New York State Bankers' Association will be held at the Hotel Frontenac, Thousand Islands, June 27 and 28. The committee of arrangements is composed of the following: Charles Elliott Warren, vice-president and cashier of the Lincoln National Bank, New York, chairman; Ledyard Cogswell, president New York State National Bank, Albany; David H. Pierson, cashier Bank of Manhattan Company, New York, and E. O. Eldredge, secretary of the association and cashier National Bank of New Amsterdam, New York.

—About the first of July the American Savings Bank will begin business at Buffalo, N. Y. Its trustees are chiefly local capitalists.

—On May 20 the Pittsburg national banks held reserves against deposits of 24.13 per cent., compared with 21.99 per cent. on March 22, the date of the preceding call. The banks report aggregate deposits of $186,958,912, against $183,385,764 on March 22—a new high record.

SOUTHERN STATES.

—The State Bank of Virginia, located at Richmond, has entered the national banking system, and has changed its title to the "National State Bank, Richmond, Va."

—Joseph G. Brown, president of the National Citizens' Bank, Raleigh, N. C., has an article in "The Progressive Farmer" telling forcibly "Why You Should Open a Bank Account." It contains sound and helpful suggestions, calculated to benefit the community as well as the banks.

—South Carolina has many prosperous banks, among them being the Bank of Greenwood, organized in 1888 with $40,000 capital. It has regularly paid annual dividends of eight per cent. The capital is now $100,000, surplus $105,000, and deposits $500,000, the latter item having doubled in the last two years. Two years ago the new building was finished at a cost of $40,000. It has a front of Georgia marble and the interior is finished in marble and mahogany. The ceiling is twenty-four feet high, and the building is well ventilated and lighted. The building, which is owned and occupied exclusively by the bank, is equipped with a modern safe-deposit vault, built of chrome steel.

BANK OF GREENWOOD, S. C.

In proportion of surplus to capital the bank ranks fifth in the state, and it is the oldest and strongest bank in Greenwood. J. K. Durst is president; Dr. W. B. Millwee and W. P. Durst, vice-presidents, and James C. Self, cashier.

—Alabama bankers held their fifteenth annual convention at Birmingham May 17 and 18, and after discussing a number of questions of practical interest, elected the following officers: President, E. J. Buck, president City Bank and Trust Company, Mobile; vice-president, W. P. G. Harding, president First National Bank, Birmingham; secretary, M. Lane Tilton, Jr., cashier Bank of St. Clair County, Pell City.

—Following their recent convention, members of the Texas Bankers' Association took a trip East, visiting New York and other cities. In this city they were entertained by a number of the banks with luncheons, trips to Coney Island and other points of interest.

—One of the growing and prosperous banks of Arkansas—a state noted for the solidity of its banking institutions—is the Citizens' Bank of Hope, which has $70,000 capital, $15,000 surplus and profits, and over $300,000 deposits. R. M. Lagrone is president, R. M. Briant, vice-president, and C. C. Spragins, cashier.

—In the past year the Bank of Helena, Ark., gained 33 1-3 per cent. in its business, compared with the preceding year, and made a net profit of twenty-two per cent. Out of the profits a dividend of ten per cent. was declared; $15,000 was carried to surplus, and over $12,000 added to undivided profits. E. C. Hornor was re-elected president; H. S. Hornor, vice-president, and John S. Hornor, cashier.

—Banking and general business are highly prosperous at Jackson, Miss. Some of the banks have found it advisable to increase their capital, and two new institutions have been organized, each with $500,000 capital.

Desiring to be in a position to take proper care of its growing business, the Mississippi Bank and Trust Company has increased its capital from $100,000 to $200,000, the new shares to be sold at $120, the present book value of the original stock.

The Mississippi Bank and Trust Company was organized in 1903, and has regularly paid eight per cent. annual dividends. It has $20,000 surplus and profits and $360,000 deposits. It successfully handled a state loan of $200,000, evidencing its ability to handle a transaction beyond the scope of less active banking corporations.

—There are abundant reasons why the officers of the Central Trust Company of Mobile should feel proud of their new banking rooms, which in their arrangement and equipment afford a maximum of convenience, comfort and safety.

Desiring a more suitable location, the company secured a lease of the property on the northeast corner of St. Francis and St. Joseph streets—a most accessible business point—and has had the building remodelled to suit the company's needs. In addition to having handsome furniture and fixtures, three fire and burglar-proof safes were put in.

The Central Trust Company has $325,000 capital and surplus; about $8,000 undivided profits, and $600,000 deposits. Its trust department is operated separately from the banking department.

WESTERN STATES.

—Colorado bankers will hold their sixth annual convention at Fort Collins June 27 and 28.

—Group Four of the Nebraska Bankers Association met at Hastings, Nebr., May 15, Carson Hildreth, president of the Franklin State Bank, presiding. Among the subjects discussed were: "Stop-payment Orders on Checks;" "Bank Money Orders;" "Sight Drafts;" "Exchange Rates;" "Past-Due Notes;" "Interest Rates;" "Over-drafts;" and "Bank Literature." A banquet was tendered the group by the Hastings banks.

—Evidence of the prosperity of the Shelby County State Bank of Shelbyville, Ill., is afforded by the installation of an additional vault to provide room for new safe-deposit boxes. The old vault is also being equipped with a new steel safe and filing cabinet. The bank is having a healthy growth, now having $90,000 surplus and profits and $50,000 capital.

—Since 1873, when the First National Bank of Shelbyville, Ill., was established, it has done business continuously in the same building. This is now being improved by adding more space, to be used in part for a directors' room, and by putting in new furniture and fixtures. This bank has $100,000 capital, $80,000 surplus and profits, and $360,000 deposits.

—Danville, Ill., has a new bank—the American Bank and Trust Company, which opened on May 20 with $150,000 capital. A. M. Bushnell is president; John L. Hamilton and A. L. Lyons, vice-presidents, and J. A. Foster, cashier. The new bank has a fine building at 114 East Main street, occupying the entire ground floor which is handsomely fitted up.

—The seventeenth annual convention of the Missouri Bankers' Association recently held at Kansas City, was welcomed by W. H. Winants, president of the Kansas City Clearing-House Association. Breckinridge Jones, president of the Mississippi Valley Trust Co., St. Louis, responded for the bankers present. The report of the secretary showed that this convention marked the close of the most successful period of the association in sixteen years' existence. It also showed that assessments on bank stock for taxation were at 59 per cent., whereas real estate was assessed at 29 per cent., live stock at 36 per cent., and merchandise at 40 per cent. Nevertheless the State Board of Equalization denied the readjustment of the assessment.

—There will be fifteen stories in the new building of the Provident Savings Bank and Trust Company of Cincinnati, and the bank will occupy the entire lower floor, affording a banking room about ninety-four feet square.

—The Mercantile Trust Company of St. Louis, which is a member of the clearing-house association and publishes statements on calls of the Comptroller of the Currency, reports on May 20: Capital, $3,000,000; surplus and profits, $6,874,376; deposits, $22,147,048.

—June 26 and 27 are the dates of the next meeting of the Ohio Bankers' Association and Cincinnati the place. It is announced as the "greatest convention in the history of state associations."

—Chicago Chapter, American Institute of Banking, at its recent annual election elected the following officers for the ensuing year: F. W. Ellsworth, First National Bank, president; C. Frank Spearin, Corn Exchange National Bank, vice-president; Chas. W. Allison, Northern Trust Company, secretary; Walter L. Clark, Commercial National Bank, treasurer. Edw. J. Goit, Bankers' National Bank, and W. L. Johnson, National Bank of the Republic, were elected to the executive committee.

Chicago Chapter is the largest organization of its kind in the United States, having upwards of 1,100 members, and at its meetings is addressed by men prominent in all walks of life. There have been graduated from its ranks during the six years of its existence over forty bright young men who have been made bank officers, and in addition the chapter has brought to many of its members substantial improvement in position and salary. As an educational institution its field for work is practically unlimited, and the results which are being accomplished in the line of practical bank instruction are exceedingly gratifying.

—The Bank of Saginaw (Mich.) has increased its capital from $200,000 to $400,000, and has consolidated with the Savings Bank of East Saginaw, and now occupies the former office of the latter bank.

The Bank of Saginaw transacts both a commercial and savings business. In addition to its capital of $400,000, the bank has $413,512 surplus and profits—indicating exceptional strength. Deposits exceed $5,500,000.

—On May 20 the Indiana National Bank of Indianapolis reported $6,436,000 deposits, $600,000 surplus and $279,630 undivided profits. This bank is the successor of the old Branch Bank of the State of Indiana, which under the management of Hugh McCulloch earned the reputation of being one of the strongest banks in the West. The Indiana National, as may be seen from the figures quoted, is maintaining its honorable traditions.

—There has been an increase in the capital of the German-American Bank of Detroit from $100,000 to $250,000.

—The Hamilton National Bank has been elected a member of the Chicago Clearing-House Association.

—On May 6 the State Bank of Kansas City, Kansas, reported $100,000 capital, $12,643 surplus and profits and $542,454 deposits. The bank opened on May 1, 1905, and on May 6, 1906, deposits were $367,529, while on the same date this year they were $542,454.

The officers are: President, C. K. Wells; vice-president, F. S. Merstetter; cashier, C. N. Prouty.

PACIFIC SLOPE.

—The Union Bank and Trust Company of Helena, Mont., issues its statement of May 20 in an exceedingly attractive form, the paper on which it is printed being an excellent imitation of birch bark. This company had on the date named $250,000 capital, $131,270 undivided profits and $2,742,830 deposits. Geo. L. Ramsey is president; A. P. Curtin, vice-president; Frank Bogart, cashier; C. B. Pfeiffer, assistant cashier; S. McKennan, treasurer, and R. O. Kaufman, secretary.

—From March 22, 1907, to May 20 the National Bank of Commerce of Seattle, Washington, increased its surplus and profits $88,533.02; its deposits $492,467.95; and its cash and exchange $238,338.02. The bank has $1,000,000 capital, $670,475 surplus and profits, and over $11,000,000 deposits.

—At the recent annual meeting of the board of directors of the Mercantile Trust Company of San Francisco, the net earnings of the year, after payment of all expenses and taxes, were reported at $230,747.13. Two dividends were paid during the year, absorbing $60,000. The capital, surplus and profit and loss account of the company is now over $3,844,000.

—Each month the First State Bank of Kendall, Mont., mails to its depositors a statement of the bank's resources and liabilities, with each item clearly explained. This bank believes that "publicity is the keynote of success."

—Washington Bankers held their twelfth annual convention at Spokane June 21 and 22.

—Frank Bogart, secretary of the Montana Bankers' Association, announces that the annual convention of the association will be held at Livingston, August 14 and 15, and that the convention will be followed by a trip through the Yellowstone National Park.

CANADA.

—There are now over 1,600 branch banks in Canada.

WITH BANKERS MAGAZINE ADVERTISERS.

THE MELLON NATIONAL BANK BUYS TWENTY BURROUGHS ELECTRICS.

Mr. H. F. Happer, sales manager for the Burroughs Adding Machine Company in the Pittsburg (Pa.) territory, is receiving the congratulations of his friends in the Burroughs organization for the order recently handed him by the Mellon National Bank of Pittsburg for twenty-two Burroughs Electric Adding and Bookkeeping Machines. This is one of the largest single orders ever placed by any bank. After a thorough test of the various adding and listing devices the management of the Mellon Bank, which is one of the oldest Burroughs users, selected the Burroughs Electric for their new equipment. This makes the Mellon National Bank one of the largest individual and bank-users of adding machines in the Pittsburg territory.

A NEW BANK MESSENGER WALLET.

The Boston Pocket Book Co., 64 Warren street, Boston, is manufacturing a new bank messenger's wallet, which will appeal to bankers everywhere. It is exceptionally strong and well made and has other advantages which will be at once apparent when the new wallet is seen. A sample wallet will be sent to banks on approval, if the Bankers' Magazine is mentioned.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

New Hibernia National Bank, New Orleans, La.; by Jno. J. Gannon, et al.

First National Bank, Bridgeport, Tex.; by H. G. Leonard, et al.

First National Bank, Tolna, N. D.; by N. B. Felton, et al.

Clinch Valley National Bank, St. Paul, Va.; by H. Hardaway, et al.

First National Bank, Adair, Ia.; by M. H. Welton, et al.

Sanger National Bank, Sanger, Tex.; by F. H. Sherwood, et al.

People's National Bank, Strasburg, Va.; by H. C. Burgess, et al.

First National Bank, Malad City, Ida.; by Jedd Jones, et al.

Citizens' National Bank, Laurel, Mont.; by L. A. Nutting, et al.

Waurika National Bank, Waurika, Okla.; by W. Atkins, et al.

American National Bank, Asheville, N. C.; by J. H. Carter, et al.

First National Bank, Geneva, Ill.; by H. B. Fargo, et al.

First National Bank, Oley, Pa.; by I. S. Stahr et al.

First National Bank, Galax, Va.; by T. L. Felts, et al.

First National Bank, Munhall, Pa.; by Ed. Rott, et al.

First National Bank, Pecos, Tex.; by W. W. Camp, et al.

Farmers' National Bank, Cushing, Okla.; by M. E. Whipple, et al.

First National Bank, Creedmoor, N. C.; by R. H. Rogers, et al.

Citizens' National Bank, Lineville, Ala.; by M. M. Eppes, et al.

First National Bank, Custer City, Okla.; by O. E. McCartney, et al.

Central Park West National Bank, New York, N. Y.; by H. R. Garden. et al.

First National Bank, Sanderson, Tex.; by C. A. Brown, et al.

First National Bank, Platteville, Colo.; by F. J. Macarthy, et al.

Okey National Bank, Corning, Ia.; by C. E. Okey, et al.

First National Bank, Harrison, Neb.; by F. W. Clarke, et al.

Morrow National Bank, Morrow, O.; by A. N. Couden, et al.

Mohnton National Bank, Mohnton, Pa.; by J. I. Gougler, et al.

Central National Bank, Denver, Colo.; by W. M. Marshall, et al.

Sherman National Bank, New York, N. Y.; by E. C. Smith et al.

McDowell National Bank, Sharon, Pa.; by A. McDowell, et al.

First National Bank, Stewardson, Ill.; by A. C. Mautz, et al.

City National Bank, Huron, S. D.; by E. L. Abel, et al.

Grange National Bank, of Clarion County, Sligo, Pa.; by E. L. Oven, et al.

First National Bank, Grey Eagle, Minn.; by Will Wilke, et al.

Central National Bank, Los Angeles, Cal.; by William Mead, et al.

First National Bank, Springdale, Ark.; by C. G. Dodson, et al.

First National Bank, Chilhowie, Va.; by James D. Tate, et al.

National Bank, Chilhowie, Va.; by W. H. Copenhaver, et al.

First National Bank, Cornell, Ill.; by W. F. Partridge, et al.

First National Bank, Chewelah, Wash.; by F. L. Reinoehl, et al.

First National Bank, Lake Forest, Ill.; by W. I. Osborne, et al.

First National Bank, Turtle Lake, N. D.; by Wm. Lierboe, et al.

First National Bank, Curtis, Neb.; by Wm. Bierkamp, et al.

City National Bank, Walters, Okla.; by S. H. Blair, et al.

German National Bank, Sayre, Okla.; by R. V. Converse, et al.

First National Bank, St. Francisville, Ill.; by L. W. Jackman, et al.

First National Bank, Morris, I. T.; by L. R. Kershaw, et al.

Woodbine National Bank, Woodbine, Md.; by John H. Stern, et al.

Clovis National Bank, Riley, N. M.; by I. W. Gray, et al.

First National Bank, Nappanee, Ind.; by James H. Matchett, et al.

Application for Conversion to National Banks Approved.

Merchants' Bank, Milbank, S. D.; into Merchants' National Bank.

Bank of Appleton, Appleton, Minn.; into First National Bank.

Bank of Waurika, Waurika, Okla.; into First National Bank.

Bank of Blackburn, Blackburn, Okla.; into First National Bank.

People's State Bank, Aspen, Colo.; into People's National Bank.

Bank of Sheyenne, Sheyenne, N. D.; into First National Bank.

Bank of Verden, Verden, Okla.; into National Bank.

Pioneer State Bank, Ritzville, Wash.; into Pioneer National Bank.

Security Bank of Minnesota, Minneapolis, Minn.; into Security National Bank.

National Banks Organized.

8657—Farmers' National Bank, Ludlow, Mo.; capital, $40,000; Pres., R. J. Lee; Vice-Pres., A. S. Dean; Cashier, J. Dusenberry; Asst. Cashier, A. J. Riedel. Conversion of Farmers' Bank.

8658—Eaton National Bank, Eaton, Colo.; capital, $25,000; Pres., J. A. Johnston; Vice-Pres., W. W. Brown; Cashier, W. H. Barber; Asst. Cashier, Ellis Smith.

8659—First National Bank, Robert Lee, Tex.; capital, $25,000; Pres., D. B. McCallum; Vice-Pres., W. J. Adams; Cashier, H. H. Pearce.

8660—Central National Bank, Kansas City, Mo.; capital, $200,000; Pres., G. M. Smith; Vice-Pres's., H. M. Evans, F. G. Robinson, and D. Thornton; Cashier, J. D. Anderson.

8661—First National Bank, Millburn, N. J.; capital, $25,000; Pres., Wm. Flemer; Vice-Pres., Wm. W. McCollum; Cashier, Jno. B. Bunnell.

8662—First National Bank, Engle, N. M.; capital, $25,000; Pres., E. S. Neal; Vice-Pres., Jno. Gardner; Cashier, J. A. Reed.

8663—First National Bank, Nara Visa, N. M.; capital, $25,000; Pres., W. F. Buchanan; Vice-Pres., Jno. Burns; Cashier, J. R. Daughtry; Asst. Cashier, O. O. Gragg.

8664—Commonwealth National Bank, Dallas, Tex.; capital, $500,000; Pres., E. M. Turner; Vice-Pres., Jno. H. Gaston; Cashier, R. C. Ayres; Asst. Cashiers, M. W. Jones and H. L. Tenison.

8665—National Copper Bank, New York, N. Y.; capital, $2,000,000; Pres., Chas. H. Sabin; Cashier, W. F. Albertsen; Asst. Cashier, Jos. S. House.

8666—National State Bank, Richmond, Va.; capital, $500,000; Pres., Jno. S. Ellett; Cashier, Wm. M. Hill; Asst. Cashier, J. H. Hill. Conversion of State Bank of Virginia.

8667—First National Bank, Harvey, Ill.; capital, $50,000; Pres., F. R. DeYoung; Vice-Pres., F. A. Braley; Cashier, D. Wiedemann; Asst. Cashier, Wm. Plagge.

8668—First National Bank, Davenport, Okla.; capital, $25,000; Pres., A. J. Langer; Vice-Pres., T. S. Watts; Cashier, O. D. Groom.

8669—First National Bank, Laurel, Mont.; capital, $25,000; Pres., W. R. Westbrook; Vice-Pres., J. Chapple; Cashier, C. S. Marvin. Conversion of Laurel State Bank.

8670—City National Bank, Herrin, Ill.; capital, $50,000; Pres., Jno. Alexander; Vice-Pres., J. D. Peters; Cashier, Paul D. Herrin.

8671—First National Bank, Hartford, Wis.; capital, $50,000; Pres., Jno. G. Liver; Vice-Pres's., H. K. Butterfield and O. P. Kissel; Cashier, H. H. Esser.

8672—First National Bank, Bellevue, Tex.; capital, $30,000; Pres., S. Webb; Vice-Pres's., B. O. Smith and A. W. Melton; Cashier, H. J. Smith.

8673—First National Bank, Lenoir City, Tenn.; capital, $50,000; Pres., Jno. F. Eason; Vice-Pres., F. A. Weiss; Cashier, S. P. Witt. Conversion of Farmers and Traders' Bank.

8674—Marfa National Bank, Marfa, Tex.; capital, $35,000; Pres., R. K. Colquitt; Vice-Pres's., L. C. Brite and J. R. Sanford.

8675—Delta National Bank, Delta, Colo.; capital, $50,000; Vice-Pres., B. P. Smith; Cashier, H. H. Wolbert.

8676—Porter National Bank, Porter, I. T.; capital, $25,000; Pres., J. R. Kennon; Vice-Pres., C. P. Farrow; Cashier, Chas. L. Hale.

8677—First National Bank, Eunice, La.; capital $30,000; Pres., Paul Stagg; Vice-Pres., Louis Mayer; Cashier, J. Leer Lacombe.

8678—Peoples' National Bank, Ellwood City, Pa.; capital, $50,000; Pres., C. A. Martin; Vice-Pres., J. E. Van Gorder; Cashier, Jno. G. Cobler.

8679—First National Bank, Dolton, Ill. (P. O. Dolton's Sta.); capital, $25,000; Pres., Carl Baake; Vice-Pres., A. S. Diekman; Cashier, H. Holmes.

8680—Pembroke National Bank, Pembroke, Ga.; capital, $25,000; Pres., A. J. Edwards; Vice-Pres., J. O. Strickland; Cashier, R. J. Strickland.

8681—Tuckahoe National Bank, Tuckahoe, N. J.; capital, $25,000; Pres., E. B. Goodwin; Cashier, L. M. Hess.

8682—Fourth National Bank, Fayetteville, N. C.; capital, $100,000; Pres., H. W. Lilly; Vice-Pres. and Cashier, Jno. O. Ellington; Asst. Cashier, E. J. Lilly. Conversion of Bank of Fayetteville.

8683—First National Bank, Harmony, Minn.; capital, $25,000; Pres., E. L. Tollefson; Vice-Pres., R. W. Daniels; Cashier, P. M. Olstad.

8684—First National Bank, Cullom, Ill.; capital, $25,000; Pres., H. G. Steinman; Vice-Pres., J. L. Shearer; Cashier, C. A. Swarm; Asst. Cashier, L. Reinhard.

8685—First National Bank, Walthill, Neb.; capital, $25,000; Pres., C. C. Maryott; Vice-Pres., Jno. D. Haskell; Cashier, Chas. P. Mathewson; Asst. Cashier, C. M. Mathewson. Conversion of the Walthill State Bank.

8686—First National Bank, Rhyolite, Nev.; capital, $50,000; Pres., O. J. Smith; Vice-Pres., Bert L. Smith; Cashier, F. H. Stickney; Asst. Cashier, M. E. Stickney.

8687—First National Bank, Shattuck, Okla.; capital, $25,000; Pres., Robt. Moody; Vice-Pres's., Jno. J. Gerlach, L. H. Patton, and Geo. Gerlach; Cashier, R. A. Moody; Asst. Cashier, C. E. Bigelow. Conversion of Commercial Bank.

8688—First National Bank, Emporia, Va.; capital, $40,000; Pres., W. R. Cato; Vice-Pres's., Jno. Chaplin and J. D. Peebles; Cashier, S. H. Cruikshank.

8689—First National Bank, Wauwatosa, Wis.; capital, $25,000; Pres., E. D. Hoyt; Vice-Pres., Ed. Coulthard; Cashier, M. B. Wells.

8690—Sanger National Bank, Sanger, Tex.; capital, $30,000; Pres., J. B. Wells; Vice-Pres's., B. D. Jones and S. A. Crandall; Cashier, J. G. Wright.

8691—Harney County National Bank, Burns, Oreg.; capital, $26,000; Pres., C. F. McKinney; Vice-Pres., Fred Haines; Cashier, Leon M. Brown; Asst. Cashier, Henry Dalton. Conversion of Harney County Bank.

8692—First National Bank of Costra Costa County, Martinez, Cal.; capital, $25,000; Pres., Edwin A. Majors; Vice-Pres., A. E. Blum; Cashier, M. E. Glucksman.

8693—First National Bank, Rotan, Tex.; capital, $50,000; Pres., E. Rotan; Cashier, W. F. Martin.

8694—Yoakum National Bank, Yoakum, Tex.; capital, $75,000; Pres., J. M. Bennett; Vice-Pres., Jno. M. Green; Cashier, Ed. B. Carruth; Asst. Cashier, W. T. Brian.

8695—First National Bank, Ordway, Colo.; capital, $25,000; Pres., A. T. Collison; Vice-Pres., T. Ed. Downey; Cashier, E. C. Firebaugh.

8696—Oil Belt National Bank, Oblong, Ill.; capital, $25,000; Pres., J. H. Wood; Vice-Pres., D. P. Kirtland; Cashier, E. M. Cooley; Asst. Cashier, E. L. Douglas.

8697—First National Bank, Biwabik, Minn.; capital, $25,000; Pres., F. B. Myers; Vice-Pres., N. B. Shank; Asst. Cashier, O. E. Olson.

8698—Merchants' National Bank, Milbank, S. D.; capital, $25,000; Pres., N. J. Bleser; Vice-Pres., Chas. B. Williams; Cashier, E. H. Benedict; Asst. Cashier, P. C. Saunders. Conversion of Merchants' Bank.

8699—First National Bank, Adair, Ia.; capital, $25,000; Pres., M. H. Welton; Vice-Pres., Thos. Robinson; Cashier, Ray R. Welton; Asst. Cashier, D. H. Mueller.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Birmingham—North Birmingham Trust and Savings Bank; capital, $26,700; Pres., C. B. Rogers; Vice-Pres., W. E. Allbritton; Cashier, R. H. Wharton, Jr.

Brockton—Bank of Brockton; capital, $25,000; Pres., H. E. Brock; Vice-Pres., S. N. Rowe.

ARKANSAS.

Fordyce—South Arkansas Bank & Trust Co. (Successor to McKee Bank & Trust Co.); capital, $25,000; Pres., J. E. Hampton; Vice-Pres., Chas. McKee; Cashier, J. A. Abernathy.

Foreman—Bank of Foreman; capital, $25,000; Pres., C. Schuman; Vice-Pres., E. M. Bridewell; Cashier, M. M. McIver.

Leola—Bank of Leola; capital, $15,000; Pres., G. S. Matlock; Vice-Pres., W. N. Wallace; Cashier, C. K. Wheeler.

CALIFORNIA.

Kennett—Bank of Shasta Co. (Branch of Redding); Mgr., Paul Binder.

Lodi—Central Savings Bank; capital, $12,500; Pres., Jno. B. Cory; Vice-Pres., M. W. Shidy; Cashier, W. H. Lorens; Asst. Cashier, Jas. P. Shaw.

Oakland—Industrial Banking & Trust Co.; Vice-Pres., A. H. Hawley; Cashier, H. W. Conger.

San Diego—Sixth Street Bank; capital, $25,000; Pres., D. H. Steele; Vice-Pres., Carl A. Johnson; Cashier, F. H. Oliphant.

Turlock—People's State Bank; capital, $32,500; Pres., C. Johnson; Vice-Pres., C. B. Weil; Cashier, C. O. Anderson.

DISTRICT OF COLUMBIA.

Washington—United States Trust Co.; capital, $1,000,000; Pres., D. N. Morgan; Vice-Pres., M. A. Winter; Treas., R. E. Claughton; Secy., James Trimble.

FLORIDA.

Crystal River—Bank of Crystal River; capital, $15,000; Pres., C. E. Herrick; Vice-Pres., J. F. Rawls.

Havana—Havana State Bank; capital, $15,000; Pres., D. C. Barrow; Vice-Pres's., H. M. Lott and E. H. Slappey; Cashier, J. E. D. Graves.

Zolfo—State Bank of Zolfo; capital, $15,000; Pres., E. E. Skipper; Vice-Pres., Hy. W. Smith; Cashier, H. G. Murphy.

GEORGIA.

Athens—Citizens' Bank; capital, $50,000; Pres., W. H. Shelton; Vice-Pres's., F. C. Shackelford and R. H. McCrary; Cashier, W. R. Canning.

Baconton—Bank of Baconton; capital, $15,000; Pres., R. P. Jackson; Vice-Pres., J. R. Pinson; Cashier, W. L. Thompson.

Maxeys—Bank of Maxeys; capital, $15,000; Pres., R. M. Jackson; Vice-Pres., Guy R. Brightwell; Cashier, W. H. Thomas.

Mystic—Mystic Bank (Branch of Citizens' Bank of Fitzgerald); capital, $25,000; Pres., D. W. Paulk; Vice-Pres., J. H. Goodman; Cashier, J. H. Harris.

Senoia—Bank of Senoia; capital, $25,000; Pres., Lee Hand; Vice-Pres., J. T. Arnall; Cashier, V. Hand; Asst. Cashier, W. E. Lindsey.

St. George—St. George Bank; capital, $15,000; Cashier, J. F. Blake.

Warrenton—Planters & Merchants' Bank; capital, $15,000; Pres., L. O. Benton; Vice-Pres., J. C. Jarnagin; Cashier, J. C. Evans.

IDAHO.

Blackfoot—Blackfoot State Bank; capital, $50,000; Pres., J. C. Millick; Vice-Pres., I. J. Rich; Cashier, D. R. Jones.

Cottonwood—German State Bank; capital, $21,000; Pres., H. H. Nuxell; Vice-Pres., B. J. Stubbers; Cashier, M. M. Belknap.

Twin Falls — Commercial & Savings Bank; capital, $13,900; Pres., J. W. Hayward; Vice-Pres., H. H. Jacobs; Cashier, L. A. Warner.

ILLINOIS.

Ashton—Farmers' State Bank (Successor to People's Bank); capital, $25,000; Pres., W. C. Yenerich; Vice-Pres., Jno. M. Killmer; Cashier, E. J. Yenerich.

Flora—Bank of Flora (Successor to Citizens' State Bank); capital, $15,000; Pres., J. M. Boyles; Vice-Pres., A. E. Shinn; Cashier, H. C. Michels.

Hudson—Hudson State Bank (Successor to Hudson Bank); capital, $2,500; Pres., J. F. Shepard; Vice-Pres., Wm. Humphries; Cashier, R. A. Ensign.

London Mills—Central Trust & Savings Bank; capital, $100,000; Pres., R. D. Boice; Vice-Pres., Theo. Becker; Cashier, A. Cook; Asst. Cashier, J. T. Greenwood. — London Banking Co. (Successor to Bank of London Mills and Voorhees & Co.); capital, $10,000; Pres., W. G. V. D. Voorhees; Vice-Pres., L. W. Davis; Cashier, J. L. Harden.

INDIANA.

Evansville—Mercantile Trust & Savings Co.; capital, $100,000; Pres., James V. Rush; Vice-Pres., L. A. Daus; Secy., W. F. Little.

Mishawaka—North Side Trust & Savings Co.; capital, $50,000; Pres., E. G. Eberhart; Vice-Pres., Jos. Colbert; Cashier, A. E. Crosby; Asst. Cashier, E. W. Dunkle.

Monroe—Monroe State Bank; capital, $25,000; Pres., W. S. Smith; Vice-Pres., J. F. Hocker; Cashier, M. S. Siechty; Asst. Cashier, C. E. Bollinger.

New Albany—Floyd County Bank; capital, $25,000; Pres., Robt. W. Harris; Vice-Pres., Jno. Vernia; Cashier, R. H. Courtney.

INDIAN TERRITORY.

Kiefer—Oil Exchange Bank; capital, $10,000; Cashier, T. J. Sullivan.

Vera—Vera State Bank; capital, $10,000; Pres., W. M. Beeson; Vice-Pres., K. Hinkle; Cashier, M. D. Hadley.

IOWA.

Elgin—Elgin Savings Bank; capital, $15,000; Pres., Gus Gunderson; Vice-Pres., Aug. Benson; Cashier, H. Moshy.

Holstein—First State Bank; capital, $25,000; Pres., Chas. Stayman; Vice-Pres., J. T. Cheney; Cashier, W. E. Clagg.

Meltonville—Security Bank; capital, $3,500; Pres., Hy. T. Toye; Vice-Pres., J. H. Huber; Cashier, H. A. Larson.

KANSAS.

Clayton—State Bank; capital, $10,000; Pres., M. Linden; Vice-Pres., W. R. Fisher; Cashier, Geo. W. Folsom.

Earlton—Earlton State Bank; capital, $10,000; Pres., J. Y. Converse; Vice-Pres., F. H. Elsenraat; Cashier, A. W. Cook.

Goddard—Goddard State Bank (Successor to State Bank); capital, $10,000; Pres., S. L. Nolan; Vice-Pres., C. I. McClellan; Cashier, V. A. Reece.

Hesston—Hesston State Bank; capital, $10,000; Pres., Wm. Rapp; Vice-Pres., A. L. Hess; Cashier, G. A. Swallow.

Larned—Farmers' State Bank; capital, $15,000; Pres., J. A. McInteer; Vice-Pres., H. Goodwin; Cashier, W. H. Hoffhines; Asst. Cashier, H. Goodwin.

Liberal—Citizens' State Bank; capital, $25,000; Pres., Chas. Summers; Vice-Pres., E. T. Guymon; Cashier, Geo. E. Ellison; Asst. Cashier, Lee Larrabee.

Nickerson—Nickerson State Bank; capital, $15,000; Pres., F. R. Newton; Vice-Pres., F. P. Detter; Cashier, O. J. Windiate.

Pratt—Citizens' State Bank; capital, $25,000; Pres., A. F. Jones; Vice-Pres., E. L. Shaw; Cashier, C. C. McMichael.

Saxman—Saxman State Bank; capital, $10,000; Pres., Jno. Oden; Vice-Pres., Ira C. Brothers; Cashier, O. L. Porter.

Wallace—Wallace County State Bank; capital, $10,000; Pres., T. L. Carney; Vice-Pres., P. Robidoux; Cashier, LaRue Orton; Asst. Cashier, Miles Orton.

Walton—Walton State Bank; capital, $10,000; Pres., W. E. Johnson; Vice-Pres., Robt. Dey; Cashier, H. G. Hawk.

Wichita—Stock Yards State Bank; capital, $10,000; Pres., G. Scott; Vice-Pres., C. D. Darrigrand; Cashier, W. W. Brown.

KENTUCKY.

Custer—Custer Bank (Branch of First State Bank of Irvington); Cashier, A. B. Sutu.

Dover—Citizens' Bank; capital, $15,000; Pres., Sam A. Frazee; Vice-Pres's., Fk. Collins and Fred Brown; Cashier, W. B. Rist.

Drakesboro—Citizens' Bank; capital, $7,500; Pres., W. W. Bridges; Vice-Pres., E. H. Boggess; Cashier, W. W. Jenkins; Asst. Cashier, Jno. Kittenger.

Valley View—Farmers' Bank; capital, $1,500; Pres., E. Land; Vice-Pres., S. Bailey; Cashier, Chas. B. Dougherty; Asst. Cashier, Luther Bornos.

LOUISIANA.

Collinston—Bank of Collinston; capital, $15,000; Pres., W. Pipes; Vice-Pres., J. M. Rector; Cashier, F. H. Ford.

MAINE.

Bar Harbor—Bar Harbor Savings Bank; Pres., Wm. H. Sherman; Vice-Pres., S. J. Clement; Treas., Frank E. Walls.

MICHIGAN.

Chrystal—Bank of Chrystal; capital, $5,000; Pres., E. C. Cumming; Vice-Pres., Ira Cumming; Cashier, C. M. Granger.

Harrisville—Alcona County Savings Bank (Successor to Alcona County Bank); capital, $25,000; Pres., Jno. Macgregor; Vice-Pres., D. W. Mitchell; Cashier, B. E. Storms.

Northville—Lapham State Bank; capital, $25,000; Pres., F. S. Harmon; Vice-

Pres., A. B. Smith; Cashier, E. H. Lapham.

Otisville—Otisville State Bank; capital, $15,821; Pres., C. D. Doone; Vice-Pres's., A. Reese and I. W. Averill; Cashier, W. W. Lyons.

Parma—Farmers & Merchants' State Bank; capital, $20,000; Pres., C. W. Bullen; Vice-Pres., G. L. Hunn; Cashier, W. Burletson.

MINNESOTA.

Alberta Lea—Freeborn Co. State Bank; capital, $25,000; Pres., Chas. Soth; Vice-Pres., H. H. Dunn; Cashier, Chas. E. Paulson; Asst. Cashier, Robt. Anderson.

Easton—Easton State Bank; capital, $10,000; Pres., H. Quimby; Vice-Pres., J. S. Cusick; Cashier, Carrie Quimby.

Glenwood—Glenwood State Bank; capital, $25,000; Pres., Theo Aune; Vice-Pres., J. H. McCauley; Cashier, Olaf Aaberg.

Holdingford—Farmers' State Bank; capital, $12,000; Pres., C. Borgerding; Vice-Pres., Hy. Borgerding; Cashier, V. S. Heinsl.

Lake Benton—Farmers' State Bank; capital, $10,000; Pres., R. S. Carlisle; Vice-Pres., Jno. Trautman; Cashier, Alfred Soderlind; Asst. Cashier, Chas. M. Soderlind.

Utica—First State Bank (Successor to First Bank); capital, $10,000; Pres., Robt. A. Johnson; Vice-Pres., S. J. Lombard; Cashier, R. D. London.

Walters—State Bank of Walters (Successor to Citizens' Bank); capital, $10,000; Pres., R. O. Olson; Vice-Pres., Fred Hartman; Cashier, Martin Retrum.

MISSISSIPPI.

Louisville—Merchants & Farmers' Bank; capital, $25,000; Pres., Paul J. Rainey; Vice-Pres., W. F. Rogers; Cashier, R. B. Talbert; Asst. Cashier, A. S. Johnston.

Meridian—Merchants & Farmers' Bank; capital, $100,000; Pres., C. L. Gray; Vice-Pres., Jno. W. Barber; Cashier, J. A. McCain; Asst. Cashier, G. W. Griffin.

MISSOURI.

Des Arc—Bank of Des Arc; capital, $10,000; Pres., Wm. Stevenson; Vice-Pres., E. W. Granes; Cashier, J. L. Strader.

Grand View—Farmers' Bank; capital, $10,000; Pres., O. V. Slaughter; Vice-Pres., Jno. P. Strode; Cashier, W. M. Dyer.

St. Louis—State Trust Co. (Successor to State Loan & Trust Co.); capital, $500,000; Pres., H. A. Vrooman; Vice-Pres., Aug. Heman; Secy., Geo. H. Brown.

MONTANA.

Lewistown—Empire Bank & Trust Co.; capital, $100,000; Pres., R. B. Thompson; Vice-Pres., Jno. P. Barnes; Cashier, Jno. L. Beebe; Asst. Cashier, Frank J. Hazen.

Park City—Park City State Bank; capital, $25,000; Pres., W. F. Meyer; Vice-Pres., W. D. Story; Cashier, B. M. Harris; Asst. Cashier, F. W. Lee.

NEBRASKA.

Elm Creek—City Bank of Elm Creek; capital, $10,000; Pres., Jno. A. Miller; Vice-Pres., C. G. Bliss; Cashier, C. A. Reasoner.

Gordon—Gordon State Bank; capital, $25,000; Pres., J. H. Crowder; Vice-Pres., W. G. Traub; Cashier, Lee Fritz; Asst. Cashier, B. H. Hewett.

NEW HAMPSHIRE.

Claremont—Claremont Savings Bank; Pres., Hermon Holt; Treas., H. C. Hawkins, Jr.

NEW JERSEY.

Edgewater—Northern New Jersey Trust Co.; capital, $100,000; Pres., C. B. Warner; Vice-Pres., F. E. Knox; Secy., N. H. Broughton.

NEW YORK.

New York—Twenty-Third Street Branch of Northern Bank; Mgr. E. M. Riley.

NORTH CAROLINA.

Mt. Pleasant—Cabarrus Savings Bank, of Mt. Pleasant; Pres., H. I. Woodhouse; Vice-Pres., M. Boger; Cashier, C. W. Swink; Asst. Cashier, C. J. Foil.

NORTH DAKOTA.

Bathgate—Citizens' State Bank; capital, $12,500; Pres., T. T. Thompson; Vice-Pres., F. N. Burrows; Cashier, N. J. Thompson.

Heaton—Farmers' State Bank; capital, $10,000; Pres., Fred Dix; Vice-Pres., G. R. Turner; Cashier, C. I. Turner.

Kloten—First State Bank of Kloten; capital, $10,000; Pres., A. M. Eckman;

Vice-Pres., L. J. Hanson; Cashier, O. E. Lofthus.

Orr—Bank of Orr; capital, $6,000; Pres., L. B. Ray; Vice-Pres., David Kirk; Cashier, A. H. Hammond; Asst. Cashier, L. M. Hammond.

OHIO.

Belmore—Belmore Banking Co.; capital, $12,500; Pres., G. G. Burnett; Vice-Pres., J. W. Swickard; Cashier, C. B. Blauvelt.

Collinwood—Collinwood Banking Co.; capital, $25,000; Pres., C. W. Loomis; Vice-Pres., F. J. Southard; Cashier, F. W. Fitz.

Pleasant Hill—Pleasant Hill Banking Co.; capital, $15,000; Pres., D. M. Coppoch; Vice-Pres., J. G. Myers; Cashier, Chas. F. Perkins.

Upper Sandusky — Citizens' Savings Bank; capital, $50,000; Pres., A. H. Kemerley; Vice-Pres., A. B. Whitney; Cashier, Ira R. Pontius; Asst. Cashier, P. Keller, Jr.

Washington C. H.—Washington Savings Bank & Trust Co.; capital, $50,000; Pres., George Jackson; Vice-Pres's., Jno. S. Parrett and R. Rankin; Secy. and Treas., C. U. Armstrong.

OKLAHOMA.

Bliss—First State Bank; capital, $10,000; Pres., F. Balduff; Cashier, F. N. Mann.

Covington—Bank of Covington; capital, $5,000; Pres., R. I. Helton; Vice-Pres., M. L. Helton; Cashier, U. L. Helton.

Davenport — Davenport State Bank; capital, $12,500; Pres., H. M. Johnson; Vice-Pres., C. C. Randel; Cashier, Chas. Berner; Asst. Cashier, C. C. Randel, Jr.

Duke—Duke State Bank; capital, $10,000; Pres., A. L. Perry; Vice-Pres., T. H. Lea; Cashier, M. O. Owens.

Fay—Fay State Bank; capital, $10,000; Pres., E. F. White; Vice-Pres., J. O. White; Cashier, I. W. Smith.

Kell—Citizens' State Bank of Eschiti; capital, $10,000; Pres., W. A. Stinson; Vice-Pres., Jno. H. Mounts; Cashier, P. E. Seamans.

Wewoka—Western Bank & Trust Co.; capital, $10,000; Pres., H. E. Kanaga; Vice-Pres., S. W. Lane; Cashier, E. Witt.

PENNSYLVANIA.

Coatesville—Coatesville Trust Co.; capital, $125,000; Pres., A. F. Huston; Vice-Pres., H. B. Spackman; Treas., A. Hoopes.

Huntingdon—Grange Trust Co.; capital, $125,000; Pres., W. F. Neill; Vice-Pres., T. O. Milligan.

Richfield—Richfield Bank; capital, $10,000; Pres., W. S. Neimond; Vice-Pres., J. G. Shelley; Cashier, O. D. Deckard.

SOUTH CAROLINA.

Greers—Planters' Savings Bank; capital, $25,000; Pres., H. B. Carlisle; Vice-Pres., A. H. Miller; Cashier, R. M. Hugher.

Spartanburg—Carolina Trust Co.; capital, $25,000; Pres., Wm. T. Magness; Vice-Pres., T. A. Greene; Cashier, J. B. Ramsay.

SOUTH DAKOTA.

Cresbard—Bank of Cresbard; capital, $5,000; Pres., A. M. Moore; Vice-Pres., P. H. O'Neil; Cashier, P. W. Loomis.

Crocker—Crocker State Bank; capital, $5,000; Pres., S. A. Schneider; Vice-Pres., S. O. Pillsbury; Cashier, L. O. Pillsbury.

Phillip—First State Bank of Phillip; capital, $10,000; Pres., F. E. Sherwin, Sr.; Cashier, R. A. Bielski.

TENNESSEE.

Cross Plains—Cross Plains Bank; capital, $12,000; Pres., L. B. Walton; Vice-Pres., M. Byram; Cashier, Saml. Wilson.

Decatur—Meigs Co. Bank; capital, $12,000; Pres., R. H. Lock; Vice-Pres., W. J. Abel; Cashier, J. J. Broderick.

Gadsden—People's Exchange Bank (Successor to Bank of Gadsden); capital, $3,775; Pres., W. W. Richardson; Vice-Pres., S. W. Fullalove; Cashier, C. V. Young.

White House—Bank of White House; capital, $5,000; Pres., L. L. Freeland; Vice-Pres., J. P. Wilson; Cashier, G. Browne.

TEXAS.

Alpine—Alpine State Bank; capital, $25,000; Pres., J. B. Irving; Vice-Pres., W. Van Sickle; Cashier, W. F. Smither.

Caddo Mills—Caddo Mills State Bank; capital, $10,000; Pres., E. A. Jones; Vice-Pres., A. A. Bain; Cashier, Jas. R. Bass.

Carlton—Carlton State Bank; capital, $10,000; Pres., Jno. L. Spurlin; Vice-Pres., J. C. Finley; Cashier, R. W. Scott; Asst. Cashier, Geo. M. Waddill.

Centerpoint—Guadalupe Valley Bank; capital, $10,000; Pres., Neal Coldwell; Cashier, G. P. McCorkle.

Coleman—Farmers' State Bank; capital, $50,000; Pres., H. R. Starkweather; Vice-Pres's., G. B. Davidson and D. A. Barker; Cashier, A. F. Martin.

Comfort—Comfort State Bank; capital, $25,000; Pres., T. G. Villaret; Vice-Pres., P. Ingenhuett; Cashier, T. G. Villarett; Asst. Cashier, Vincent J. McAtew.

Corpus Christi—First State Bank; capital, $60,000; Pres., V. Bluntzer; Vice-Pres., Wm. G. Blake; Cashier, Geo. R. Clark.

Corrigan—Corrigan State Bank; capital, $10,000; Pres., J. W. Cobb; Vice-Pres., J. L. Birch; Cashier, H. R. Nees.

Cuero—First State Bank & Trust Co. (Successor to First National Bank); capital, $100,000; Pres., L. Joseph; Vice-Pres., J. J. Sumners; Secy., G. W. Johnson.

Detroit—Detroit State Bank; capital, $25,000; Pres., Levi Dean; Vice-Pres., J. N. Norris; Cashier, C. M. Kerr.

Dilley—Dilley State Bank; capital, $20,000; Pres., N. Dillard; Vice-Pres., Wm. Sackville; Cashier, A. F. Edmonstone.

Fairfield—Bank of Fairfield (Successor to W. E. Richards); capital, $25,000; Pres., W. E. Richards; Vice-Pres., J. B. Gordon; Cashier, J. M. Tullos.

Hearne—Planters & Merchants' State Bank; capital, $25,000; Pres., F. W. Vaughan; Cashier, Jno. A. Lomax.

Hereford—First State Bank of Hereford; capital, $30,000; Pres., W. B. Beach; Vice-Pres., H. B. Webb; Cashier, O. H. Vardeman.

Hermleigh—First State Bank; capital, $10,000; Pres., J. W. Wemken; Vice-Pres., F. J. Grayson; Cashier, E. J. Anderson.

Kennedale—First State Bank; capital, $10,000; Pres., J. H. Rodgers; Vice-Pres., Jno. M. Payne; Cashier, L. A. Dowlen.

Knox City—Farmers' State Bank (Successor to First State Bank of Carney); capital, $10,000; Pres., R. W. Warren; Vice-Pres., J. B. Janes; Cashier, J. F. Potts; Asst. Cashier, K. C. Spratler.

Kopperl—First Bank of Kopperl; Pres., O. S. Houston; Vice-Pres., W. C. Stevens; Cashier, W. C. Stevens.

Mingus—First State Bank of Thurber Junction; capital, $10,000; Pres., H. F. Scheer; Vice-Pres., C. S. Anderson; Cashier, H. S. Rucker.

Ochiltree—Ochiltree Bank; capital, $20,000; Pres., Geo. F. Perry; Vice-Pres., W. S. Graves; Cashier, E. E. Perry; Asst. Cashier, Joe J. Cleveland, Jr.

Omaha—State Bank of Omaha (Successor to Bank of Omaha); capital, $25,000; Pres., F. W. Farrier; Vice-Pres., J. B. Davis; Cashier, Tom Tuck.

San Antonio—State Bank & Trust Co.; capital, $100,000; Pres., W. T. McCampbell; Vice-Pres., A. Brian, Jr.; Cashier, J. H. Haile.

Texas City—Texas City State Bank; capital, $10,000; Pres., I. H. Hempner; Vice-Pres., H. B. Moore; Cashier, C. D. Gustavus.

Velasco—Velasco State Bank; capital, $10,000; Pres., E. D. Dorchester; Vice-Pres., S. H. Hudgins; Cashier, C. Finley.

Wichita Falls—Farmers' Bank & Trust Co.; capital, $75,000; Pres., T. J. Taylor; Vice-Pres., J. T. Montgomery; Cashier, T. C. Thatcher.

UTAH.

Garfield—Garfield Banking Co.; capital, $30,000; Pres., W. S. McCornick; Vice-Pres., W. H. Bancroft; Cashier, F. D. Kimball; Asst. Cashier, Sidney Sevell.

VERMONT.

Winooski—Champlain Trust Co.; capital, $25,000; Pres., Geo. E. Whitney; Vice-Pres., P. E. McSweeney; Treas., M. D. McMahon.

VIRGINIA.

Butterworth—Farmers' Bank of Butterworth; capital, $10,000; Pres., A. M. Orgain, Jr.; Vice-Pres., M. C. Horton; Cashier, B. F. Jarratt.

Roanoke—Roanoke Banking Co.; capital, $25,000; Pres., M. W. Turner; Vice-Pres., E. B. Stone; Treas., W. P. Bowling.

WASHINGTON.

Seattle—Japanese Commercial Bank; capital, $25,000; Pres., M. Furuya; Vice-Pres., W. L. Gazzam; Cashier, S. Kumazawa.

Spokane—Union Savings Bank; capital, $15,100; Pres., J. G. Long; Vice-Pres., M. B. Connelly; Cashier, J. S. Moore; Asst. Cashier, F. J. Guse.

Tacoma—Bankers' Trust Co.; capital, $300,000; Pres., W. C. Wheeler; Vice-Pres's., J. Furth and C. Philips; Mngr., Geo. B. Burke.

WEST VIRGINIA.

Camden - on - Ganley — Lanes Bottom Bank; capital, $10,000; Pres., W. D. Huff; Vice-Pres., C. H. Smoot; Cashier, A. B. Jackson.

WISCONSIN.

Cleveland—Cleveland State Bank; capital, $15,000; Pres., Wm. Belitz; Vice-Pres., F. A. Kielsmeier; Asst. Cashier, Wm. F. Briemann.

Grafton—Grafton State Bank; capital, $10,000; Pres., Wm. Weber; Vice-Pres., Albert Kath; Cashier, L. L. Zaun; Asst. Cashier, R. P. Zaun.

Jackson—Jackson State Bank; capital, $20,000; Pres., F. P. Seich; Vice-Pres., Theo. Sydaw; Cashier, Wm. H. Froehlich; Asst. Cashier, A. B. Froehlich.

Sparta—Citizens' State Bank; capital, $25,000; Pres., W. A. Jones; Vice-Pres., H. M. Newton; Cashier, W. M. Givler; Asst. Cashier, T. C. Longwell.

WYOMING.

Hulett—Hulett State Bank; capital, $10,000; Pres., Jno. Pearson; Vice-Pres., Jno. F. Mahoney; Cashier, C. C. Storm.

CANADA.

ONTARIO.

Belleville—United Empire Bank; I. P. Phillips, Mgr.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Andalusia—First National Bank; T. E. Henderson, Cashier, in place of C. S. O'Neil.

Elba—First National Bank; W. J. Bowden, Asst. Cashier.

ARKANSAS.

Judsonia—Judsonia State Bank; E. M. Erganbright, Pres., in place of J. R. Erganbright; W. M. Simpson, Cashier.

Monticello—Monticello Bank & Trust Co.; C. J. Harris, Vice-Pres.

CALIFORNIA.

Anaheim — German-American Bank; Adolph Thomas, Pres., in place of H. W. Clymoweth, resigned.

Lemoore—First National Bank; W. E. Dingley, Cashier, in place of F. E. Dingley.

Long Beach—Exchange National Bank; Chas. Malcom, Asst. Cashier.

Modesto—First National Bank; G. P. Schafer, Vice-Pres., in place of G. Turner; G. R. Stoddard, Cashier, in place of J. E. Ward.

Redondo—First National Bank; Will J. Hess, Vice-Pres.; Geo. H. Anderson, Cashier, in place of S. M. Webster.

Winters—Bank of Winters; E. J. Rader, Cashier, in place of W. S. Baker, resigned.

COLORADO.

Canon City—First National Bank; C. M. MacNeill, Pres., in place of J. H. Peabody; C. S. Hudson, Cashier, in place of E. M. Smith.

Delta—Delta National Bank; Gordon Jones, Pres.; H. W. Chiles, Asst. Cashier.

Sterling—Logan County National Bank; E. M. Gillett, Pres.; D. A. Bartholomew, Cashier, in place of E. M. Gillett.

CONNECTICUT.

Middletown—Columbia Trust Co.; W. H. Edwards, Asst. Cashier, in place of L. B. Markham.

New Haven — National Tradesmen's Bank; no Pres. in place of W. T. Fields.

DISTRICT OF COLUMBIA.

Washington—National Bank of Washington; D. Fraser, Vice-Pres.; A. B. Ruff, Cashier; W. W. Nairn, Asst. Cashier, in place of J. F. White; Geo. L. Starkey, Asst. Cashier.

GEORGIA.

Augusta—Merchants' Bank; capital increased from $75,000 to $140,000.

Barnesville—Citizens' Bank; C. O. Summers, Pres.; G. W. Jordan, Asst. Cashier.

Bremen—Bank of Bremen; S. S. Copeland, Vice-Pres.; O. Cobb, Asst. Cashier.

Buford—Shadburn Banking Co.; N. S. Robinson, Cashier.

Chauncey—Bank of Chauncey; D. W. Oxford, Cashier.

Griffin—Newton Banking Co.; incorporated; capital, $50,000; Pres., W. H. Newton; Vice-Pres's., J. J. Mangham and R. L. Williams; Asst. Cashier, C. F. Thornton.

Jeffersonville—Bank of Jeffersonville; Homer Bivins, Cashier, in place of D. P. Edwards, resigned.

Norwood—Bank of Norwood; W. L. Hawes, Vice-Pres., in place of J. S. Ward, deceased.

IDAHO.

Nez Perce—Bank of Nez Perce; consolidated with Bank of Mohler, under former title.

ILLINOIS.

Aledo—Aledo Bank; Pres., C. W. Detwiler; Vice-Pres., K. M. Whitham.

Alexis—First National Bank; Chas. E. Johnson, Pres., in place of G. S. Tubbs; W. C. Tubbs, Vice-Pres., in place of Chas. E. Johnson.

Chicago—Chicago Title & Trust Co.; H. B. Riley, Pres., in place of E. G. Kent, deceased.

La Harpe—La Harpe State Bank; J. L. Bradfield, Vice-Pres.

Le Roy—First National Bank; no Pres. in place of Fred Collison; J. A. Taylor, Cashier, in place of J. S. Coon.

Monmouth—National Bank of Monmouth; W. C. Tubbs, Pres., in place of G. S. Tubbs; D. E. Gayer, Cashier, in place of W. C. Tubbs; J. A. Tubbs, Asst. Cashier, in place of D. E. Gayer.

New Holland—New Holland State Bank; D. La Forge, Pres., in place of L. Burchett.

Tamaroa—First National Bank; Louise H. Woods, Asst. Cashier.

INDIANA.

Auburn—City National Bank; F. M. Hines, Pres., in place of W. H. McIntyre; F. E. Davenport, Vice-Pres., in place of F. M. Hines; W. Rhoads, Cashier, in place of F. E. Davenport.

Connorsville—Farmers & Merchants' Trust Co.; capital increased to $100,000.

Marion—Marion State Bank; F. M. Sweets, Asst. Cashier, in place of Lew Hulley.

INDIAN TERRITORY.

Antlers—Citizens' National Bank; Clark Wasson, Asst. Cashier.

Ramonia—First National Bank; Scott E. Winne, Pres., in place of J. S. Cameron, Jr.; J. A. Griffiths, Vice-Pres., in place of A. S. Burrows.

Terral—First National Bank; A. B. Dunlap, Pres., in place of W. H. Eddleman.

Tishomingo—First National Bank; A. G. Summerfield, Acting Cashier, in place of H. C. Schultz.

IOWA.

Bancroft—First National Bank; Jos. J. Sherman, Cashier, in place of Tom Sherman.

Council Bluffs—State Savings Bank; E. A. Wickham, Pres., in place of T. B. Lacey; W. S. Baird, Vice-Pres.

Des Moines—Valley National Bank; W. W. Lyons, Vice-Pres.

Greenfield—First National Bank; Jno. A. Barr, Asst. Cashier.

Mt. Pleasant—National State Bank; no Vice-Pres. in place of J. G. Budde, deceased.

Odebolt—First National Bank; Jos. Mattes, Pres., in place of W. W. Field; Hy. Hanson, Vice-Pres., in place of Jos. Mattes.

Ossian—Ossian Bank; title changed to Ossian State Bank; Pres., L. A. Meyer; Vice-Pres. and Cashier, F. J. Figge; Asst. Cashier, J. W. Meyer.

Pocahontas—First National Bank; J. Parizek, Asst. Cashier, in place of E. F. Shors.

Sanborn—Sanborn Savings Bank; F. E. Frisbee, Cashier.

Webster—Webster Savings Bank; Cashier, C. L. Jarvis.

KANSAS.

Burlington—People's National Bank; Geo. G. Hall, Vice-Pres., in place of M. A. Crouse; G. G. Burnham, Second Vice-Pres.; M. F. Browne, Cashier, in place of A. P. Brigham; P. G. Hall, Asst. Cashier, in place of M. F. Browne.

Eldorado—Eldorado National Bank; no Cashier in place of V. P. Mooney.

Holton—National Bank of Holton; Geo. S. Linscott, Pres., in place of S. K. Linscott; S. S. Linscott, Cashier, in place of Geo. S. Linscott.

Minneapolis—Citizens' National Bank; J. S. Richards, Asst. Cashier, in place of E. M. Morris.

Sharon Springs—Bank of Sharon Springs, incorporate; title changed to State Bank of Sharon Springs; Pres., Geo. H. Woodhouse; Vice-Pres., R. L. Woodhouse; Cashier, G. E. Woodhouse.

Topeka—Central National Bank; P. J. Clevenger, Vice-Pres.

KENTUCKY.

Cannel City—Morgan County National Bank; Custer Jones, Cashier, in place of Luke Powell.

Lexington—Security Trust & Safety Vault Co.; title changed to Security Trust Co.

Louisville—Commercial Bank & Trust Co.; E. W. Hays, Cashier, in place of J. H. Dickey, resigned.

Walton—Walton Deposit Bank; title changed to Walton Bank & Trust Co.

LOUISIANA.

Shreveport—First National Bank; J. B. Filhiol, Asst. Cashier.

MARYLAND.

Catonsville—First National Bank; no Pres. in place of C. G. W. Macgill; J. Hann, Jr., Vice-Pres., pro tem.

MASSACHUSETTS.

Boston—American Trust Co.; R. G. Fessenden, Pres., in place of T. J. Coolidge, Jr.—National Shawmut Bank; Wm. A. Gaston, Pres., in place of Jas. P. Stearns.—Puritan Trust Co.; Jno. D. Long, Pres., in place of Wm. Dresser.—Winthrop National Bank; Robt. F. Herrick, Pres., in place of W. R. Evans.

Cambridge—Charles River National Bank; J. F. Pennell, Pres., in place of W. S. Swan, deceased.

Chelsea—Chelsea Savings Bank; Benj. F. Dodge, Pres., in place of Wm. Robinson.

Ipswich—First National Bank; no Vice-Pres. in place of F. D. Henderson, deceased.—Ipswich Savings Bank; Geo. E. Farley, Treas., in place of D. Safford, resigned.

Mansfield—First National Bank; F. Hewey, Asst. Cashier.

Reading—First National Bank; W. S. Parker, Pres., in place of A. Batchelder; J. W. Grimes, Vice-Pres., in place of W. S. Parker.

Salem—Merchants' National Bank; Fk. A. Brooks, Asst. Cashier, in place of A. P. Goodhue.

MICHIGAN.

Elk Rapids—Elk Rapids Savings Bank; Pres., M. B. Lang; Vice-Pres., C. A. Whyland.

Newaygo—Webber & Hatch; incorporated; title changed to First State Bank; Pres., M. F. Hatch; Vice-Pres., S. W. Webber; Cashier, H. S. Thompson.

Plainwell—Citizens' State Savings Bank; F. F. Patterson, Vice-Pres.

Quincy—Quincy State Bank; M. S. Segur, Pres., in place of F. A. Toethlisberger, resigned; Pearl Power, Cashier.

Saginaw—Bank of Saginaw consolidated with Savings Bank of East Saginaw, under the former title; capital, $400,-000. Pres., B. Hanchett; Vice-Pres., D. W. Briggs; Cashier, Otto Schupp; Asst. Cashier, T. W. Stolker.

MINNESOTA.

Blue Earth—Blue Earth State Bank; F. P. Brown, Pres., in place of F. W. Wilmert, resigned.

Ceylon—First National Bank; E. J. Barnett, Cashier, in place of F. S. Robinson; No Asst. Cashier, in place of E. J. Barnett.

Fairmont — Martin County National Bank; A. W. Gamble, Cashier, in place of W. H. Jarmuth.

Ivanhoe—Lincoln County State Bank; Hy. Lende, Cashier.

Lake City—Lake City Bank; C. A. Hubbard, Pres.

Motley—First National Bank; S. W. Jacobs, Cashier, in place of D. L. Case; no Asst. Cashier, in place of S. W. Jacobs.

St. Charles—First National Bank; W. E. Spencer, Cashier, in place of S. J. Lombard; Geo. D. French, Asst. Cashier in place of W. E. Spencer.

Wadena—First National Bank; A. J. Merickel, Pres., in place of W. R. Baumbach; W. D. Merickel; Vice-Pres., in place of C. W. Baumbach.

MISSISSIPPI.

Jackson—Merchants' Bank & Trust Co. consolidated with Capital City Bank & Trust Co., under the former title.

MISSOURI.

Bethany—Bethany Savings Bank; W. B. Planck, Cashier, in place of J. Q. Brown.

Cape Girardeau—First National Bank; Wm. H. Coerver, Vice-Pres., in place of J. A. Matteson.

Joplin—Citizens' State Bank; Pres., W. T. T. Leffen; Vice-Pres., C. S. Poole.

Kansas City—American National Bank; J. S. Parks, Pres., in place of C. S. Jobes.

Nevada—Bank of Nevada; J. M. Latimer, Asst. Cashier, resigned.

Pleasant Hill—Farmers' National Bank; A. Gulbransen, Cashier, in place of J. F. Wilson.

St. Louis—Centrall National Bank; L. A. Browning, Vice-Pres., in place of E. S. Lewis; A. N. Kingsbury, Asst. Cashier.

MONTANA.

Butte City—Silver Bow National Bank; Jno. MacGinniss, Pres., in place of Chas. R. Leonard; Chas. R. Leonard, Vice-Pres., in place of Jno. MacGinniss; R. T. F. Smith, Cashier, in place of F. Harrington.

Great Falls—Great Falls National Bank; H. G. Lescher, Asst. Cashier, in place of E. A. Newton.

NEBRASKA.

Creighton—Security Bank; G. W. Klockenteger, Cashier.

Laurel — Laurel State Bank; C. D. Young, Asst. Cashier.

Loomis—First National Bank; L. J. Titus, Pres., in place of E. L. Kiplinger; E. G. Titus, Vice-Pres., in place of T. L. Doherty; W. H. Swartz, Cashier, in place of F. W. Kiplinger; W. B. Abrahamson, Asst. Cashier, in place of R. J. Slater.

Trenton—First National Bank; F. W. Ruzicka, Pres., in place of W. S. Collett; N. T. Hall, Vice-Pres., in place of F. W. Ruzicka.

NEW HAMPSHIRE.

Bristol—First National Bank; Fred A. Spencer, Vice-Pres., in place of B. F. Perkins, deceased.

NEW MEXICO.

Hagerman—Hagerman National Bank; title changed to First National Bank.

NEW JERSEY.

Red Bank—Second National Bank; I. B. Edwards, Pres., in place of J. A. Throckmorton, deceased.

NEW YORK.

Albany—First National Bank; Jno. J. Gallogly, Vice-Pres. and Cashier, in place of C. Tremper; C. Tremper and C. C. Bullock, Jr., Asst. Cashiers.—National Commercial Bank; C. H. Sabin, Vice-Pres., resigned; J. H. Herzog, Asst. Cashier.

Dexter—First National Bank; C. W. Campbell, Vice-Pres., in place of J. T. Outterson.

Hancock—First National Bank; Thos. Keery, Pres., in place of W. H. Nichols; Chas. E. Hulbert, Vice-Pres., in place of T. Keery; C. A. Rogers, Cashier, in place of J. M. Nichols; W. F. Stimpson, Asst. Cashier.

Hornell—First National Bank; F. E. Bronson, Cashier, in place of J. M. Welsh.

New York—Beaver National Bank; J. O. Loughlin, Cashier; no Asst. Cashier, in place of J. O. Loughlin.—National Bank of Commerce; no Cashier, in place of J. S. Alexander; F. R. Russell, Asst. Cashier.

New York—National Copper Bank; Jno. D. Ryan, T. F. Cole and U. H. Broughton, Vice-Pres.

Rochester—National Bank of Commerce; B. L. Search, Asst. Cashier.—Rochester Trust & Safe Deposit Co.; Secy., Robt. C. Watson; Asst. Secy., T. D. Bidwell.

NORTH CAROLINA.

Dover—Bank of Dover; Jno. A. Robertson, Cashier.

Raleigh—Raleigh Banking & Trust Co.; C. E. Johnson, Pres., in place of C. H. Belvin, resigned; W. N. Jones, Vice-Pres.

NORTH DAKOTA.

Egeland—Bank of Egeland; M. Walz, Pres., in place of J. C. Syfford.

Fullerton—Fullerton State Bank; A. M. Berg, Cashier, in place of K. S. Jensen.

Great Bend—Farmers' State Bank; R. W. Weiss, Cashier, in place of F. L. Thomson.

Tolley—First National Bank; A. Riba, Vice-Pres., in place of J. N. Fox; D. C. Hair, Asst. Cashier, in place of A. Riba.

OHIO.

Arcanum—First National Bank; G. T. Riegle, Asst. Cashier, in place of W. A. Chancellor.

Cincinnati — Union Savings Bank & Trust Co.; C. B. Wright, Pres., in place of J. G. Schmidlapp, retired.

Cleveland—United Banking & Savings Co.; H. W. S. Wood, Vice-Pres., in place of Jno. Meckes, deceased.

London—Madison National Bank; Chas. Cheseldine, Pres., in place of W. M. Jones, deceased; J. C. Bridgman, Vice-Pres., in place of Chas. Cheseldine.

Loveland—First National Bank; Chas. Lockwood, Second Vice-Pres., in place of J. W. Snook.

Marion—Marion County Bank Co.; Wm. H. Schaffner, Pres., C. D. Schaffner, Cashier; O. E. Kennedy, Asst. Cashier.

OKLAHOMA.

Carnegie—Citizens' Bank; N. J. Cuddy, Pres.

Eldorado—Farmers & Merchants Bank; Pres., J. B. Goodlett; Vice-Pres., J. F. Womack; Cashier, W. E. Oliver; Asst. Cashiers, E. J. Rhodes and Grace Wiley.

Guthrie—National Bank of Commerce; R. E. Cardwell, Asst. Cashier, in place of A. J. Miles.

Temple—First National Bank; Jos. C. Post, Cashier, in place of L. J. Curtis.

PENNSYLVANIA.

Allentown—Leigh Valley Trust & Safe Deposit Co.; L. O. Shankweiler, Vice-Pres.

Beaver Falls—Farmers' National Bank; J. R. Martin, Vice-Pres., in place of T. P. Simpson.

Braddock—First National Bank; Geo. C. Watt, Vice-Pres., in place of F W. Edwards; A. A. McKinney, Cashier, in place of Geo. C. Watt.

Brookville—National Bank of Brookville; L. V. Deemer, Cashier, in place of T. L. Templeton, deceased, J. M. Brosius, Asst. Cashier, in place of L. V. Deemer.

Carnegie—Carnegie National Bank; F. D. Lovering, Cashier, in place of J. C. Stauffer.

Everett—First National Bank; J. B. Manning, Cashier, in place of J. G. Cobler.

Martinsburg—First National Bank; C. A. Patterson, Pres., in place of S. S. Horton; S. S. Horton, Cashier, in place of C. A. Patterson.

McAdoo—First National Bank; H. I. Smith, Cashier.

Meyersdale—Farmers' Bank; C. S. Berston, Cashier, in place of H. Lorentz, deceased.

New Bloomfield—First National Bank; Jas. W. Shull, Pres., in place of W. C. Pomeroy.

Philadelphia—Western National Bank; Geo. E. Shaw, Pres., A. J. McGrath, Vice-Pres.

Pittsburg—Lincoln National Bank; H. A. Johnston, Cashier, in place of W. R. Christian, deceased; no Asst. Cashier, in place of F. W. Van Osten.

Scranton—Traders' National Bank; M. J. Murphy, Cashier, in place of F. W. Wollerton; B. W. Bevans, Asst. Cashier.

Swarthmore — Swarthmore National Bank; Hy. C. Saulnier, Cashier, in place of Isaac Roberts.

Tionesta—Citizens' National Bank; S. Smith, Cashier, in place of J. C. Bowman.

Trafford City—First National Bank; W. W. Giffen, Pres., in place of J. S. Brown.

SOUTH CAROLINA.

Charleston—Commercial Savings Bank; C. Olney, Cashier.

Greenwood—First National Bank; title changed to National Loan & Exchange Bank.

Scranton—Bank of Scranton; E. M. Lowman, Cashier, in place of L. H. Little.

Yorkville—Loan & Savings Bank; T. C. Dunlap, Cashier, in place of W. P. Harrison, resigned.

SOUTH DAKOTA.

Clark—Clark County National Bank; P. H. Pendergast, Vice-Pres., in place of H. C. Garven.

Hot Springs — Hot Springs National Bank; A. C. Forney, Pres., in place of A. G. Hull.

Rapid City—First National Bank; Jno. J. McNamara, Vice-Pres., in place of Peter Duhamel.

TENNESSEE.

Chattanooga—American National Bank; Z. C. Patten, Vice-Pres., in place of J. C. Guild.

Gleeson—Bank of Gleeson; R. W. Bandy, Cashier, in place of Guy Alexander, resigned.

TEXAS.

Alvin—Alvin State Bank; T. H. Nees, Pres.

Aspermont—First National Bank; D. R. Couch, Vice-Pres., P. Brady, Cashier, in place of W. R. King; R. C. Couch, Asst. Cashier, in place of D. R. Couch.

Center—Farmers' National Bank; F. C. Powell, Cashier, in place of T. H. Nees; T. T. Smith, Asst. Cashier.

Detroit—First National Bank; J. L. Van Dyke, Pres., in place of J. H. Caton, Sr.; T. S. Caton, Vice-Pres., in place of H. C. Bailey.

Eldorado—First National Bank; Jno. M. Washam, Cashier.

Falls City—Falls City National Bank; C. M. Derer, Cashier.

Grand View—First National Bank; Dan E. Lydick, Cashier.

Houston—Union Bank & Trust Co.; D. W. Cooley, Asst. Cashier.

Livingston—Citizens National Bank; W. T. Carter, Vice-Pres., in place of L. F. Gerlach.

Malone—Malone Bank; R. C. West, Cashier, in place of M. A. Taylor.

Merkel—First National Bank; J. F. Body, Vice-Pres.

Mertens—First Bank of Mertens; W. A. Shaw, Cashier.

Orange—Orange National Bank; W. L. Joiner, Asst. Cashier.

Rockdale—Rockdale State Bank; capital increased from $25,000 to $30,000.

Saint Jo—No Cashier, in place of L. A. Dowlen; W. B. Lane, Asst. Cashier.

Stamford—First National Bank; R. V. Colbert, Pres., in place of W. D. Reynolds; A. J. Swenson, Vice-Pres.; J. C. Bryant, Cashier, in place of R. V. Colbert.

Teaque—First National Bank; W. M. Peck, Vice-Pres., in place of M. Sweeney; S. F. Alford, Asst. Cashier.

VERMONT.

Bennington — Bennington County National Bank; A. K. Ritchie, Pres., in place of J. S. Holden, deceased; A. J. Holden, Vice-Pres., in place of A. K. Ritchie.

VIRGINIA.

Clintwood—Citizens' National Bank; E. F. Ames, Cashier, in place of W. H. Ames.

Gate City—Peoples' National Bank; J. C. Stephenson, Cashier, in place of J. M. Johnson, Jr., deceased; J. H. Peters, Asst. Cashier.

Norton—First National Bank; G. H. Esser, Vice-Pres., in place of M. L. Stallard.

WASHINGTON.

Ritzville—German American State Bank; E. E. Glenn, Asst. Cashier.

Seattle—Dexter Horton & Co.; Asst. Cashiers, G. F. Clark, S. Veazey and C. S. Harley.

Spokane—Inland Bank; incorporated; capital, $15,000.

WISCONSIN.

Ingram—Ingram State Bank; F. H. Pardoe, Pres., in place of E. D. Van Etton, resigned; H. C. Wagner, Cashier.

Milwaukee—German American Bank; J. B. Whitnall, Pres., in place of E. Reynolds.

Sparta—Monroe County Bank; J. P. Reinhard, Cashier.

Wausaukee—Wausaukee State Bank; R. B. Ellis, Cashier, in place of J. E. Hutchinson.

Wittenburg—Citizens' State Bank; Jacob Kloeckner, Pres.

Woodville—Citizens' State Bank; Carl E. Harmon, Cashier, reported an embezzler.

WYOMING.

Cheyenne — Citizens' National Bank; Chas. F. Mallin, Asst. Cashier, in place of J. F. Meade.

CANADA.

ONTARIO.

Toronto—Sovereign Bank of Canada; O. E. Jarvis, Pres., in place of R. MacDonald.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CONNECTICUT.

New Britain — Mechanics' National Bank; in voluntary liquidation, April 20, 1907.

ILLINOIS.

Peoria—Peoples' Savings Bank; closed.

INDIAN TERRITORY.

Adair—Western Security Bank; closed.

KANSAS.

Burlington—Burlington National Bank; in voluntary liquidation, April 26, 1907.

NEW YORK.

New York—National Exchange Bank; in voluntary liquidation, April 29, 1907.

NORTH DAKOTA.

Wahpeton—German American National Bank; in voluntary liquuidation, April 22, 1907.

OHIO.

Toledo—Merchants' National Bank, in voluntary liquidation, April 30, 1907.

CANADA.

BRITISH COLUMBIA.

Atlin—Bank of Commerce, closed.